

Hearing Date/Agenda Number  
PC: 04/11/07 Item 4 b. 2.  
CC: 05/01/07

File Number  
PDC 06-003

Application Type  
Planned Development Rezoning

Council District: 2 SNI: None

Planning Area  
Edenvale

Assessor's Parcel Number(s)  
706-06-017

## STAFF REPORT

### PROJECT DESCRIPTION

Completed by: Jeff Roche

Location: Northeasterly corner of Cottle and Poughkeepsie Roads

Gross Acreage: 17.52

Net Acreage: 17.52

Net Density: N/A

Existing Zoning: IP (PD) Planned Development

Existing Uses: Industrial Park

Proposed Zoning: A(PD) Planned Development

Proposed Use: Demolition of the existing industrial park buildings (IBM Buildings 025, and 024 and 030) and associated site improvements along with the removal of up to 385 trees from the site to allow for the construction of approximately 204,000 square foot commercial uses (including a retail/ commercial use, with a single occupant greater than 100,000 square feet, and other retail/ commercial uses).

### GENERAL PLAN

Completed by: JR

Existing Land Use/Transportation Diagram Designations  
Industrial Park with Mixed Industrial Overlay

Project Conformance:  
☒ Yes ☐ No  
☒ See Analysis and Recommendations

### SURROUNDING LAND USES AND ZONING

Completed by: JR

North: Mobile Home Park

A (PD) Planned Development  
and IP – Industrial Park

East: Railroad, Monterey Highway, & Commercial

A (PD) Planned Development

South: Industrial Park, Future Park, Residential and Commercial

IP (PD) Planned Development

West: Commercial, Community Center, Mini-Storage Warehouse

R-1-1 Residence  
CN-Commercial Neighborhood  
LI – Light Industrial

### ENVIRONMENTAL STATUS

Completed by: JR

☒ Environmental Impact Report Pending  
☐ Negative Declaration circulated on  
☐ Negative Declaration adopted on

☐ Exempt  
☐ Environmental Review Incomplete

### FILE HISTORY

Completed by: JR

Annexation: Monterey Park No. 7

Date: December 1, 1955

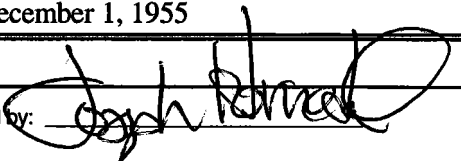
### PLANNING DEPARTMENT RECOMMENDATIONS AND ACTION

☐ Recommend Approval  
☐ Recommend Approval with Conditions  
☒ Recommend Denial

Date

5/5/07

Approved by:



OWNER	DEVELOPER	CONSULTANT
IBM Attn: John Lattyak Manager, IBM Site Operations, San Jose and SVL Room G409 555 Bailey Avenue San Jose, CA 95141	Lowe's H.I.W. Attn: Jim Manion 1530 Faraday Avenue, Suite 140 Carlsbad, CA 92008	Jennifer Renk Steefel, Levitt & Weiss One Embarcadero, 30 <sup>th</sup> Floor San Francisco, CA 94111

PUBLIC AGENCY COMMENTS RECEIVED

Completed by: Jeff Roche

Informational memorandum from the Director of Planning to the City Council (dated, 11/09/06).  
Department of Public Works  
See attached memorandum (dated, 3/29/07).

Other Departments and Agencies

See attached memoranda from the Redevelopment Agency (dated, 12/07/06), the Environmental Services Department (dated, 1/19/06), the Fire Department (dated, 1/19/06), and letters from the Bay Area Air Quality Management District (dated, 3/03/06), and the Santa Clara Valley Transportation Authority (dated, 2/06/06).

GENERAL CORRESPONDENCE

See Supplemental Information/ Studies submitted by the Applicant's Consultants

ANALYSIS AND RECOMMENDATIONS

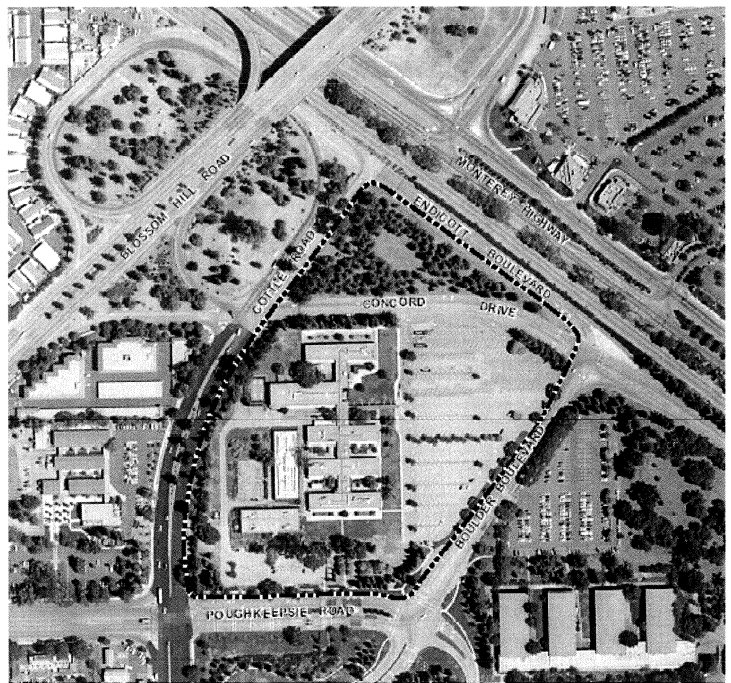
## **BACKGROUND**

### **Project Description**

The subject application, a Planned Development rezoning (File zno. PDC06-003), was submitted to the City by the project developer, Lowe's H.I.W., on January 6, 2006. The proposal is a request to rezone an approximately 17.52 gross acre site from IP (PD) Planned Development to A (PD) Planned Development to allow the demolition of the existing industrial buildings (IBM Buildings 025, and 024 and 030) and associated site improvements, to allow the construction of approximately 204,000 square feet of commercial uses, including a retail/commercial use with a single occupant greater than 100,000 square feet.

### *Site Context*

The subject site is located on the northeasterly corner of Cottle and Poughkeepsie Roads just south of the intersection of Blossom Hill Road and Monterey Highway. The site is the northernmost portion of the original IBM campus developed in the late 1950's and is currently developed with three industrial park buildings: IBM Building 025 built in 1957, and two other buildings (024 and 030) built in 1973 and 1974,



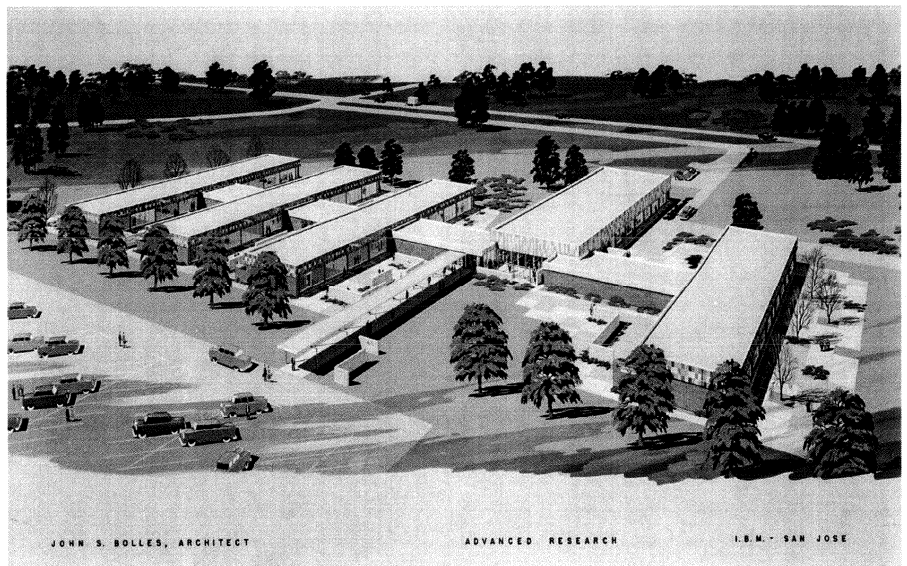
respectively. Surrounding land uses to the site include include a mobile home park residential community to the north across Blossom Hill Road, commercial uses, a new fire station, and a community center to the west of the site, and commercial uses to the east across the railroad track and Monterey Highway. To the south and southeast of the site is the future Urban Transit Village (also referred to as the Hitachi site) approved by City Council in June, 2005.

### Urban Transit Village

A General Plan change and rezoning (File No. PDC04-031) of the Hitachi campus to the south of the site approved by the City Council a year and a half ago provides for a mixed-use development including 2,930 residential units and up to 460,000 square feet of commercial and 3.4 million total square feet of industrial park/office uses. Also included in the development will be public park and other new public uses including a new police sub-station. The denser urban scale and pedestrian orientation of much of this new development reflects the smart growth and economic development strategies of the City through the support of intensification of not only residential and commercial uses but also the industrial/office uses in close proximity to light rail transit as well as two major freeways. Master Planned Development permits have been issued for the site and the development is currently under way.

### *Prior Project History*

In 2002, Lowe's H.I.W. filed a Planned Development Rezoning (File No. PDC02-086) to construct a Lowe's Warehouse store and demolish IBM Building 025 to allow the development of up to 222,673 square-feet of commercial uses on an 18.75 gross-acre site. At its November 19, 2003 hearing, the Planning Commission certified the Environmental Impact Report for the Rezoning and recommended that the City Council conditionally approve the subject Planned Development Rezoning with the conditions that the applicant preserve the majority of Building 025, involve the Historic Landmarks Commission in assessing the project's site design, reduce the overall on-site parking from 855 parking spaces to approximately 500 parking spaces, and preserve as many trees as possible. In late November 2003, the certification of the EIR was appealed to the City Council.



On December 2, 2003, the City Council upheld the Planning Commission's action on the Environmental Impact Report, rejecting the appeal and certifying the EIR. The City Council then voted to approve the project as proposed and made Findings of Overriding Considerations in the areas of tree removals, historic resources, visual and aesthetic resources, air quality, traffic, and cumulative impacts (see attachment from PDC02-086). The City Council included in their approval of the project the following conditions: 1) complete the Historical mitigation outlined in the EIR (photo

*Artist rendition of Building 25 designed by Architect John S. Bolles whose notable commissions included the Paul Masson Champagne Cellars in Saratoga, the Johnson and Johnson building in Menlo Park, Candlestick Stadium, Justin Herman Plaza in San Francisco, and the McGraw-Hill building near Novato. The design team also included notable landscape architect Douglas Baylis, and artists such as Gordon Woods and Lucienne Bloch.*

documentation, preservation of artwork, reproduction of architectural drawings to preserve the memory of the building, creation of a public exhibit, and salvage of historical architectural features); 2) preserve and integrate a portion of a wall from Building 025; 3) develop a mural of photographs and historical data to convey the significance of this site and the “flying head” disk drive; and 4) contribute \$10,000 to a citywide industrial land historic building survey to allow the City of San José to conduct a survey of industrial buildings in an effort to provide certainty to the development process for future redevelopment of our industrial areas.

Subsequent to the Council’s action on the rezoning, a lawsuit was brought against the City by the Preservation Action Council of San Jose (PAC SJ), charging that the City’s EIR did not provide adequate analysis of alternatives to demolition of the building (IBM 025). Ultimately, both the Trial and Appellate courts ruled that the Planned Development Rezoning approval in 2003 (File No. PDC02-086) relied on an inadequate Environmental Impact Report for the environmental clearance for the project. In addition, the Courts ruled that the Administrative Record did not contain substantial evidence that alternatives to avoid demolition of IBM Building 025 were infeasible, and that it was therefore inappropriate for the City to reject the alternative that retained the Building 025 on the basis of infeasibility.

In 2006, the applicant filed the current Planned Development Rezoning and the City prepared a new Draft Environmental Impact Report. Project alternatives which could retain IBM Building 025 were key issues in the litigation over the prior Environmental Impact Report, and the current EIR provides an expanded range of site design alternatives to fully inform the decision-making process.

## ENVIRONMENTAL REVIEW

An Environmental Impact Report was prepared for the project and was circulated from September 29, 2006 to November 13, 2006. Issues addressed in the Environmental Impact Report included Land Use, Transportation/Circulation and Parking, Air Quality, Noise, Cultural Resources, Utilities, Public Services, Urban Decay, Biological Resources, Visual Resources, and Hydrology and Water Quality. On November 1, 2006, the Historic Landmarks Commission reviewed the DEIR. In a 4-0-0 decision, the Commission voted to forward a comment letter, stating that: 1) the demolition of IBM Building 025 clearly constitutes a significant impact, and the feasible Historic Resource Mitigation Alternatives analyzed in the document would avoid that impact, and 2) the Commission disagreed with the CBRE Financial Feasibility report for rehabilitation of Building 025 on several fronts, and that language in the EIR should clarify that the CBRE report is an independent third-party analysis.

The DEIR is currently pending, and is tentatively scheduled for a certification hearing before the Planning Commission on April 11, 2007. For CEQA purposes, the City has considered resources eligible for or designated as City Landmarks, as well as those resources eligible for or listed in the California Register of Historical Resources and/or the National Register of Historic Places, as the threshold of significance for a significant, unmitigated environmental impact. Because the demolition of IBM Building 025 meets this threshold, in order for the City Council to approve the Planned Development Rezoning as proposed by the applicant, they would need to find that the alternatives analyzed in the EIR are not feasible, and adopt a “statement of overriding considerations” indicating how the benefits of the project outweigh the significant impacts.

### *Biotics/Loss of Trees*

The proposed project would result in the removal of 385 trees from the project site. A total of 61 trees will remain in their current location on the site and 37 trees will be relocated. A total of 259 trees will be added to



the site in addition to those trees replaced pursuant to the City's tree ordinance. All the native trees on-site would be preserved or relocated on-site. One large, individually notable cork oak tree (#126) will be preserved in place. With the exception of landscape that is in and around IBM Building 025, the majority of perimeter site landscaping (including the Redwood trees that are northerly of Concord Drive) was installed after the mid-1970's (see attached aerial photo dated, June 6, 1974).

The project includes standard City replacement ratios for trees that would be removed as part of the project. If the required number of new, replacement trees cannot be installed on-site, the developer has proposed that the remaining replacement trees be installed on an adjacent property, or at a school or park in the area, or an in-lieu donation. For all of these reasons, staff has concluded that as proposed, the project would be in keeping with the City's standards.

## **ANALYSIS**

The critical areas of analysis with respect to the proposed project include conformance with the General Plan's Major Strategies of Economic Development and Urban Conservation/Preservation, primarily in the area of impacts to the historic resources.

### *Economic Development*

The proposed Lowe's Home Improvement Center is the type of use that is anticipated by the General Plan Industrial Park with Mixed Industrial Overlay designation as it accommodates large buildings that would be potentially inappropriate in a traditional commercially designated area, and supports a transition of uses between the larger industrial area and the surrounding housing and retail uses. The recent approvals for the redevelopment of the Hitachi campus reinforce the character of this property being more retail in nature than industrial. Large format retailers such as Lowe's are an important source of sales tax revenues which flow directly into the City's General Fund.

The projected sales tax revenue to the City from a Lowe's Home Improvement Center is approximately \$450,000 per year. Additionally, development of the site will generate an increase in the amount of tax increment that is accrued to the Redevelopment Agency. While these funds are restricted unlike the sales tax dollars, they are able to be used for a variety of uses supporting the industrial area, and broader areas of the City. For example, the County Assessor shows the site as having an assessed valuation of \$8,747,347 for the 2006 tax year reflecting the land value of approximately 1 million dollars and the balance in the Building 25 complex of structures. The new Home Dept in Milpitas has an assessed valuation of nearly 15 million dollars including over \$11million for land. Using that as a conservative assumption for new valuations, the increment would increase approximately \$10 million and a \$100,000 increase in increment.

Should a project be approved allowing full demolition of Building 025, such a project should set an example of how important historic issues are viewed in the City and a significant financial set-aside occur that looks to the future growth of sales tax, tax increment and property owner/ developer profits. To ensure that where historic resources are destroyed for economic development purposes, some level of revenue sharing for a given timeframe should occur to ensure that it results in a significant revenue increase to the City and or Redevelopment Agency.

*The Urban Conservation/Preservation Major Strategy* states that at a strategic level, preservation activities contribute visual evidence of history to a sense of community. The General Plan recognizes the importance of sustaining viable neighborhoods because there is no practical way to replace the City's physical assets. Infill

development is tempered by the consideration of protecting nearby areas and physical resources from adverse impacts.

The City Council Policy: Preservation of Historic Landmarks was amended in May of 2006 to specifically state that: "The financial profile and/or preferences of a particular developer should not, by themselves, be considered a sufficient rationale for making irreversible decisions regarding the survival of the City's historic resources."

### *Balancing the Major Strategies*

Over the past 20 years, the practice has been to trade preservation of historic resources for economic development, new housing, and public facilities with little in the way of protection or resources provided for the protection of the remaining historic resources. In much the same argument around the conversion industrial lands to housing, any proposal or decision to destroy significant historic resources should be matched with significant financial set-asides to allow the historic resources of the City to be preserved and reused. Offering photographs as an offset for demolishing historic resources vastly undersells the importance of these resources to defining the character of this City and removes the remaining features that distinguish San Jose from any number of cities across the state.

The following table illustrates this trade-off by summarizing recently demolished historic resources and the projects that replaced them.

Table 1. Historic Resources in the City of San Jose recently approved for demolition.

Resource Name and Location	Status	Project	Approval Date
Palomar Ballroom 47 Notre Dame Ave.	National Register eligible	Residential Hi-Rise	2005
Fox Building 40 N. Fourth St.	California Register Eligible, CCL	City Parking Garage	2005
GE Motorplant 175 Curtner Ave.	National Register eligible	Commercial Center PDC04-029	2005
Del Monte Plant #3 801 Auzerais Ave.	National Register eligible	Housing Development PDC03-071	2005
IBM San Jose Central Campus 5600 Cottle Rd.	California Register eligible District	Mixed-Use Transit Village PDC04-031	2005
126 Viola St. House	California Register eligible	Convention Center Expansion	2004
507 Almaden Ave. House	National Register eligible	Parking Lot	2004

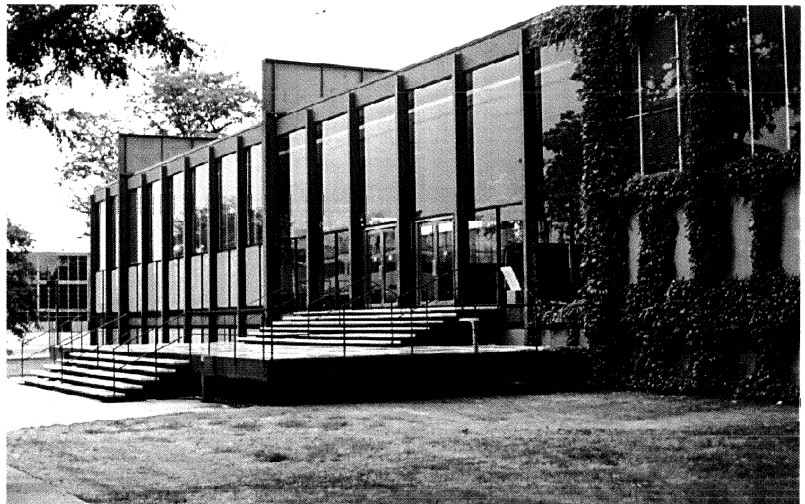
The project is proposed to develop in a manner which would remove a significant historic resource from the City's landscape forever. The question that arises with this project is are the two policy goals mutually exclusive or can the be accomplished in tandem, supporting development of the site with uses that would provide for significant economic development while accomplishing the goals of historic preservation with respect to IBM Building 025.

### **Historic Resource: IBM Building 025**

Constructed in 1957 as part of the IBM San Jose Central Campus, IBM Building 025 qualifies for three of the four National Register of Historic Places criteria, and also as a Candidate City Landmark. The building is significant under:

- 1) *Criterion A/1 (Events)* for its association with the research and **development of the flying head disk drive**, which allowed real-time random retrieval of information from a magnetic storage disk. This event is considered second of the four most significant inventions and advances in information storage technology, the first being the RAMAC memory device, which was developed at IBM's 99 Notre Dame research facility;
- 2) *Association Criterion B/2 (People)* for its association with **scientists: Dr. Reynold Johnson and his IBM research team**, including Albert Shugart and Al Hogland; who worked on the technological advancements developed in this building, and
- 3) *Criterion C/3 (Architecture)* as an exceptional example of **California mid-century modern architecture**, landscaping and artwork set in a campus environment. The 1957 mid-century modern corporate campus building was designed by noted architect John S. Bolles, who studied modernism under Harvard's Walter Gropius. The **integral landscaping** was designed by bay area landscape architect Douglas Baylis. The **geometric "key punch card pattern" fascia** band was designed by artist Lucienne Bloch.

Post World War I European architects Le Corbusier, Walter Gropius, and Mies van der Rohe cast aside the popular cluttered eclectic classicism of the day, in creating modern architecture inspired by industrial building techniques and new forms of painting and sculpture, including Cubism. With its expression of industrial steel structural systems, minimal cubic volumes and light weight glass enclosures, modernism resulted in free-flowing "open-plan" spaces that encompassed the outside environment.



*Crown Hall, Illinois Institute of Technology, Chicago  
Mies van der Rohe, architect, 1956*

Modern architectural works became touchstones for a generation of American architects who came of age during the postwar period – many of whom would seek to glean life-enhancing ideas for use in their economical designs for the postwar home, commercial center, and office building.

It was in California, with its mild climate and renowned post World War II expansion that these design principles thrived. In Southern California, *Arts + Architecture* magazine publisher John Entenza and designers Charles and Ray Eames promoted modern residential architecture and landscape design in the Case Study program (1945-1962) houses. In the Bay Area, *Sunset* magazine featured northern California modern homes while promoting the life-enhancing qualities of western living imbued in their

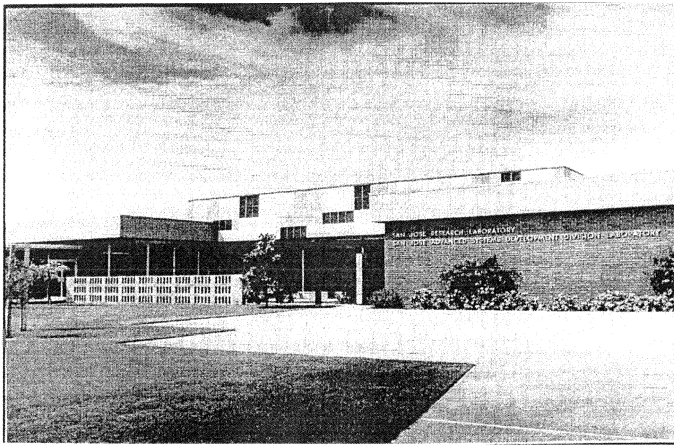


*Case Study House No. 8, Pacific Palisades  
Charles and Ray Eames, 1949*

design, including health, casual lifestyles and informal social habits that encouraged community spirit and upward mobility for the growing population.

Urban Programmers, Historic Preservation and Urban Revitalization Consultants, prepared a Historical Evaluation Report for the proposed project (see attached excerpts). As described in the EIR prepared for the project, “the project site was part of the Rancho Santa Teresa and remained in agricultural use until 1953, when it was purchased by International Business Machines Corporation (IBM) as part of a larger 210- acre property to construct new facilities for its Santa Clara Valley operations.

As noted in Stephen M. Payne’s *Santa Clara County Harvest of Change*, together with Westinghouse, Hewlett Packard, SRI, Varian, Lockheed, Philco-Ford, General Electric and Ames Aerospace, IBM built the electronics industrial base of the Santa Clara Valley economy between 1955 and 1963. Several recent Projects have involved the demolition of significant historic resources within this context. As noted in the *Historic Resource*



*Front Façade of IBM Building 025 circa 1958. The building is composed of minimal cubic volumes. The fascia band features a keypunch card pattern.*

*Evaluation for the Hitachi Campus*, completed by Carey & Co. Inc. in 2004; by commissioning design giants like Eero Saarinen, IBM contributed to the country’s architectural heritage and provided a cutting-edge corporate environment for its employees.

The IBM San Jose Central Campus, found to appear eligible for the California Register of Historical Resources as a Historic District, was demolished as part of a Planned Development Rezoning. While Building 009/011 and associated landscaping on the campus was identified and preserved for its Mid-Century Modern style, as an employee lounge and cafeteria it did not meet the criteria for events and people that Building 025 does.

Locating in San Jose in 1943, IBM's first west coast research laboratory had been previously opened in 1952 at 99 Notre Dame Street, now designated a City Landmark, in downtown San Jose. In 1956, the Random Access Method of Accounting and Control (RAMAC) was invented at the 99 Notre Dame lab, leading to the first magnetic hard disk for data storage. The team's next major advance beyond the RAMAC was founded on the research with gas bearings and became the floating or “flying head” disk drive which allowed real time on-line processing. The first significant application of this technology was the Sabre System, a nation-wide reservations system established for American Airlines. Building 025 remained the West Coast center of IBM's research activities until the early 1970s, with Al Hoagland as its manager during the early 1960s.



*California modern architecture integrated partially enclosed patios, large expanses of glass and low landscaping walls with strategically placed trees and areas of lawn.*

The EIR concluded that as a Candidate City Landmark, IBM Building 025 is without a question one of the finest examples of modern industrial architecture in Santa Clara County, a place where the building's occupants experience the tranquility of nature provided by integrated landscaping.

### IBM Building 025 Rehab Costs

An independent, third-party report on the feasibility of rehabilitating Building 025, by CB Richard Ellis Consulting/Sedway Group (CBRE), was included in the DEIR to inform the City's decision-making process. Because the cost of either new construction or historic building rehabilitation would include land and financing costs, City staff reviewed Appendix C, *Re: IBM Building 025 Budget Analysis* of the CBRE report, completed by TBI Construction and Construction Management, Inc., for the purposes of discussing the cost per square foot of rehabilitating the historic resource.



*Main entry walk to IBM Building 025 with its corrugated steel canopy, materials typical in mid-century modern design.*

Staff review of the Budget Analysis in the CBRE report indicates that it appears to assume an extensive scope of work, including: replacement of all aluminum and glass storefront systems and fascia ceramic tile; gutting and replacement of all interiors, including plumbing, mechanical and electrical equipment and distribution systems; and extensive site grading and underground utilities installation. However, staff would note that a more conservative approach to rehabilitation of the building would typically not necessitate such an extensive scope of work, especially given the fact that employees of a major corporation occupied the building within the last ten years. For example, if the proposal to replace the storefront system is based on energy concerns, this replacement would not be required under California Historic Building Code, and the site orientation and H-shape of the building further limit heat gain through those systems. As another example, assuming the proposal for complete removal and re-installation of exterior ceramic tile could be based on seismic reinforcing requirements, those costs might be reduced by as much as two-thirds by designing a hardware system to tie the existing tile to the fascia. In addition, by working with the existing interior partition and concrete slab layout, and plumbing, mechanical, and electrical distribution systems, staff would note that the scope of demolition and new construction costs could be significantly reduced. Finally, the cost estimate for site work could also be lowered by heavily reducing costly estimates for re-grading and drainage work on the existing site. By making these adjustments, the project's potential Construction Budget could potentially be reduced significantly from \$128/SF to perhaps as low as \$80 /SF. As a comparison, the construction cost for new construction for single story Type II Fire-resistant construction is currently at least \$300/SF, while the cost estimate for large-scale retail construction might be closer to \$200/SF.

### *Historic Landmarks Commission Recommendation*

At a March 21, 2007 Special Meeting, the HLC recommended: preservation of Building 025 and significant accompanying landscape, noting that a reasonable range of alternatives allowing for reuse of the building and development of the site has been identified; Development Permits including preservation should be referred to the HLC and include an alternative site design consistent with the size, scale, and massing of the historic building and the configuration of the site, with uses allowed under the existing zoning or General Plan; and City Landmark designation of Building 025 should be initiated (5 -0-2, Janke and Thacker absent).

### **Alternative Site Plans**

Six alternative site plans are attached to the project plans (see Sheets C-C7A through C-C18). All of these alternative site layouts include the preservation of IBM Building 025 and a portion of the associated grounds and landscaping. These alternatives can be broken down by those that would result in a smaller building area and those with a larger building area. Staff would note that the alternatives with the smaller footprints are also comparable in size to the applicant's primary competition in the retail/ home improvement market, and in staff's opinion, would allow the applicant to still compete in the home improvement market. Staff has reviewed all of the alternatives, and concluded that of these six alternative site plans, three have a better relationship to IBM Building 025 and a circulation pattern that is more typical of and in keeping with City Standards. The table below breaks down these alternatives.

Table 2. Feasible alternative site plans.

<b>Alternative</b>	<b>Square Footage</b>	<b>Building Design</b>
7A	133,984 (small format)	L-shaped design
10A	112,268 (small format)	Rectangular with pop-out
16	171,012 (large format)	2 Story/Structured Parking

As noted in the applicant's attorney responses to the Historic Landmarks Commission letter (dated 2/21/07), there are Lowe's Facilities in other states that use rooftop parking. Rooftop parking and parking garages are also utilized on other large, regional scale projects such as the Westfield Valley Fair and Oakridge (which includes a big-box retail use) shopping malls and the Santana Row project (which includes numerous parking garages, including a parking structure to serve a large, retail use (ie., a Best Buy store). In terms of parking, the alternative plans shown on Sheets C-C8A (parking below the proposed building) and C-C16 (with a parking structure between the proposed building and IBM Building 025) which have the larger total number of parking spaces would be closer to Code requirements for parking than the other (4) four alternatives. The applicant has also expressed concerns about the proximity of the parking in the alternative site plans. Staff believes that conditions could be placed on the project that certain areas be designated for employee only parking such as garage areas or perimeter surface parking lots, minimizing any potential impacts.

As described in the Environmental Impact Report, these two alternatives also qualify as environmentally superior alternatives. None of the six alternative site plans propose any parking adjacent to IBM Building 025, reduced perimeter setbacks (such as 15-foot perimeter setbacks) to reflect a more urban area, parking reductions for proximity to the recently approved Hitachi/ Santa Teresa Transit Village project, a combination of structured and surface parking, or alternating uses.

In the attached response from the applicant's attorney, dated, 11/13/06, Lowe's has indicated that the reuse of IBM Building 025 for retail would result in a significant deviation from the efficient configuration of a typical strip center (ie., a linear building running parallel to the access street with store fronts that face out toward at-



grade parking and service entrances provided at the rear. It is staff's opinion that while this may be true for suburban strip centers of the 1960's to early 1990's, which were heavily-oriented towards the automobile, they do not consider creative adaptive reuse scenarios that are appropriate in the new urban context set forth in this area with the recently approved Santa Teresa Urban Transit Village project.

Although, the project as proposed can be found in conformance with the City's Economic Development strategy, it does so at the expense of the City's Historic Preservation Policies. Through the analysis of alternatives, it is clear that the two objectives of economic development and historic preservation can be met in a manner that "big-box" or larger format retail can be accommodated on site and designed with sufficient on-site parking while at the same time preserving IBM Building 025 and adapting it for use by a full range of commercial retail uses.

### **COMMUNITY OUTREACH**

A Community Meeting was held for the project in April 2006, at the Alex Anderson Elementary School. That meeting was attended by one neighbor who expressed a general interest in the project. Issues that were discussed included: site access, project design, surface parking versus structured parking, pedestrian circulation/ accessibility, and the need to connect neighborhoods. Staff has been available to answer questions and discuss the proposal with members of public.

### **CONCLUSION**

The proposed project is consistent with the Economic Development Major Strategy and inconsistent with the Urban Conservation/Preservation Major Strategy of the General Plan. It is staff's opinion that sufficient opportunities exist to generate new sales tax revenues on this site and other sites in the area including sites that could potentially accommodate a building the size and configuration of a Lowes Home Improvement Center.

Any opportunity to grow the General Fund revenues available to the City is important and should not be lightly discounted. Equally, the preservation of a significant historic resource should not be casually dismissed as impractical, or difficult as the result is permanent. Trade preservation of historic resources for economic development, new housing, and public facilities with little in the way of protection of the remaining historic resources deprives current and future generations of understanding and participating in the full history of San Jose.

As such, staff believes that the loss of irreplaceable historic resources outweighs the addition of revenues for the city at this location.

### **RECOMMENDATION**

Planning staff recommends that the Planning Commission forward a recommendation to the City Council to deny the subject rezoning, for the following reasons:

1. The project, as proposed, is not consistent with the Urban Conservation/Preservation major strategy of the General Plan.
2. Although the proposed project would be a significant source of sales tax revenue for the City, and is consistent with the Economic Development major strategy, other viable sites exist for the proposed use.

3. A viable project alternative could be proposed that is consistent with both the Urban Conservation/Preservation and Economic Development General Plan major strategies, and is an environmentally feasible alternative.

Attachments:

Location Map

Correspondence from other Departments/ Agencies and the public  
Plan Set

Cc: Chris O'Connor, SSOE, 22121 17<sup>th</sup> Avenue, Suite 225, Bothell, WA 98021

Al Shaghaghi, AMS Associates, Inc., 1350 Treat Boulevard # 250, Walnut Creek, CA 94597

Judy Malamut, LSA Associates, 2215 Fifth Street, Berkeley, CA 94710

Sohrab Rashid/ Kristiann Choy, Fehr and Peers, Transportation Consultants, 160 West Santa Clara Street, Suite 675, San Jose, CA 95113

Elizabeth Hoyte, Neuro Photo Lab, Stanford University, 1201 Welch Road, Room P316, MSLS Building, Stanford, CA 94305

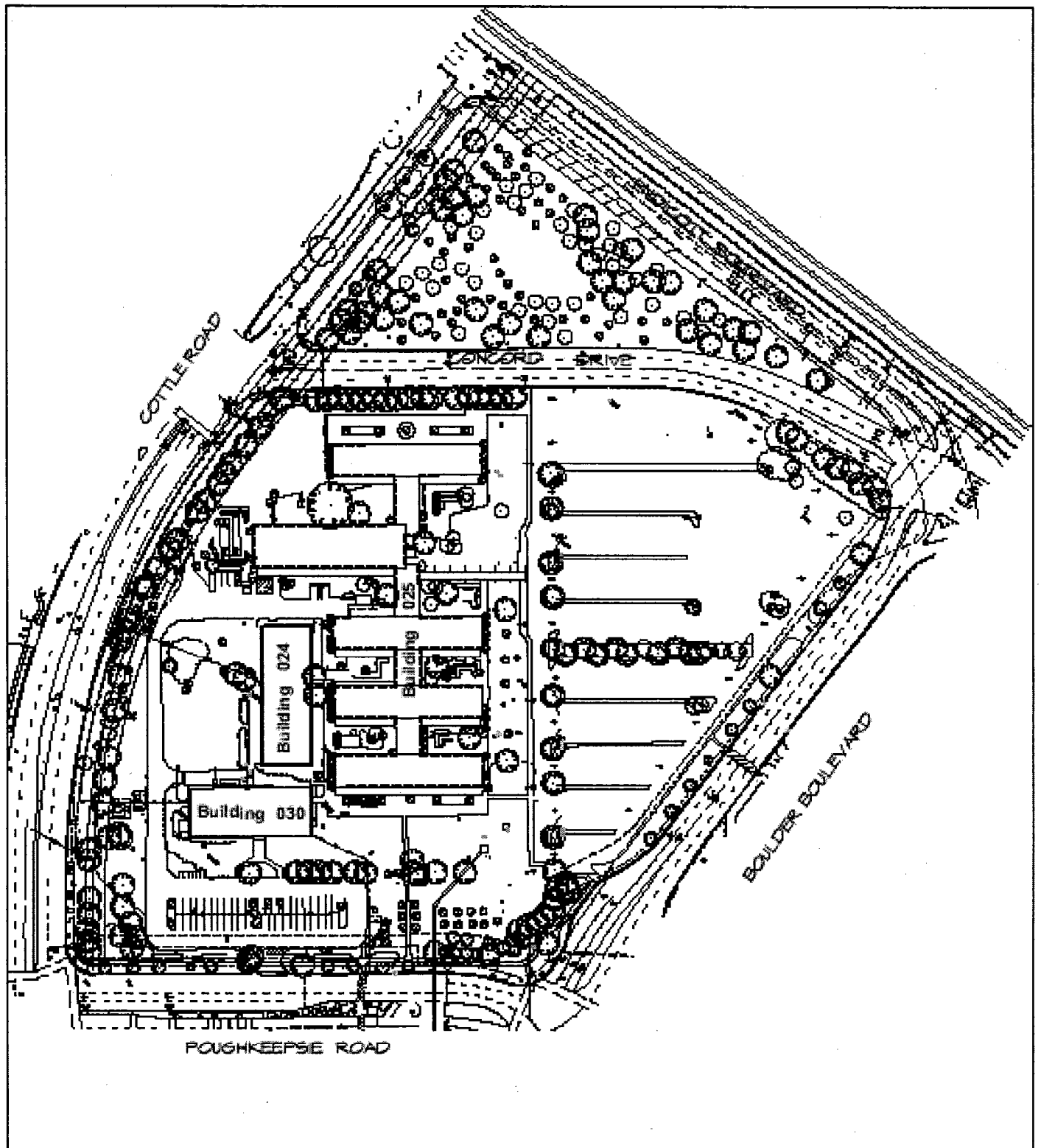
Sally Zarnowitz/ Darren McBain, Planning

Amit Mutsuddy, Public Works

Manuel Pineda, Transportation

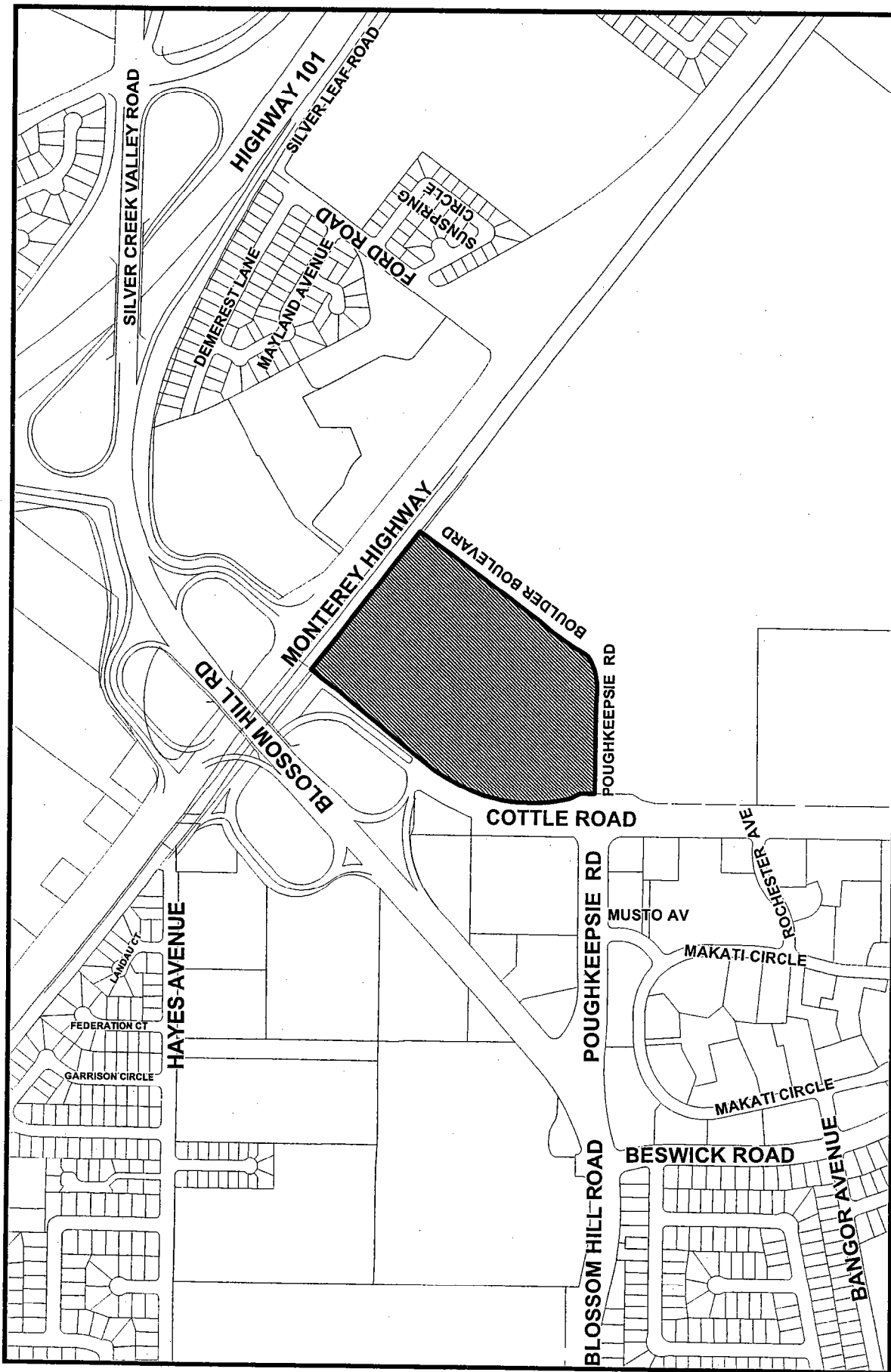
Jennifer Chen, Redevelopment Agency

Nanci Klein, Economic Development



Existing Site Configuration and Building Location

Original



File No: PDC06-003

District: 2

Quad No: 130

Scale: 1"= 600'

Map Created On: 01/06/2006

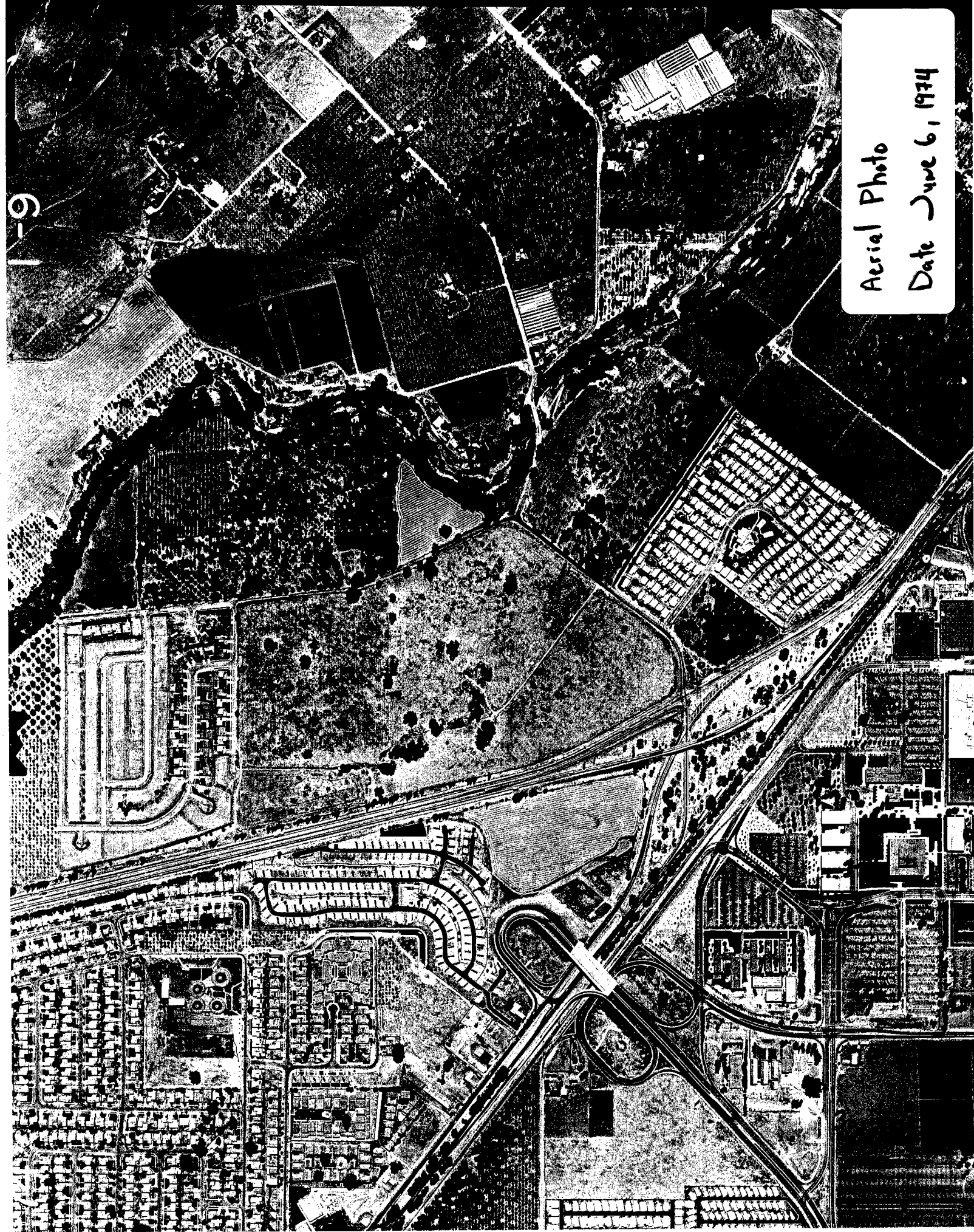
Noticing Radius: 1,000 feet



1-9

Aerial Photo

Date June 6, 1974





## **DEVELOPMENT STANDARDS – LOWE’S HOME IMPROVEMENT CENTER**

### **PERMITTED USES**

1. Big box retail, including associated warehouse space and a garden center.
2. Retail or personal service uses, except public eating establishments, permitted by right in the CP Commercial Pedestrian Zoning District.
3. Wireless Communication Facilities, trade and vocational schools, child daycare, off-sale of alcohol and operation of a commercial use between 12:00 midnight and 6:00 am may be allowed subject to a Planned Development Permit.
4. Minimums of 5,000 square-feet of public eating establishments are required. Public eating establishments shall be limited to a maximum of 7,000 square-feet. Incident to the operation of a public eating establishment, any alcoholic beverage may be sold, offered for sale, or served to patrons for consumption on the premises thereof.
5. Drive-through restaurants are not allowed.

### **BUILDING AREA LIMITATIONS**

Total building floor area (including garden center) shall not exceed 204,600 square-feet (gross).

### **PHASING**

Development constructed pursuant to this Planned Development Zoning may be constructed in phases based on an approved Planned Development Permit. Hardware Home Improvement store with 140,000 square-feet of building and 40,000 square-feet of Garden Center is to be developed in the first phase of the Project.

### **TENANT SPACE LIMITATIONS**

1. The site shall include tenant spaces with a minimum square footage of 17,600 square-feet of floor area.
2. The 7,000 square-feet of restaurant uses shall include one tenant space with a minimum of 5,000 square-feet of floor area.

### **LOT AREA**

The minimum lot area allowed shall be 10,000 square-feet.

### **BUILDING HEIGHT**

The maximum building height shall be 50 feet.

### **BUILDING SETBACKS**

The minimum setbacks from the property lines shall be as follows: \*\*

	Front	Side and Rear
Buildings 1	5 Feet	0 Feet
Passenger Vehicle Parking	25 Feet	0 Feet
Truck Parking	40 Feet	0 Feet

\*\* In the case of a discrepancy between the diagram and the development standards, the development standards shall take precedence.

#### PRIVATE INFRASTRUCTURE

All private infrastructures shall be constructed to meet or exceed the City of San Jose public improvement standards.

#### NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMIT

Prior to the commencement of any construction activities, the project developer shall file a Notice of Intent (NOI) to comply with the State Water Resources Control Board General Permit for Stormwater Discharge associated with Construction Activity in compliance with the National Pollutant Discharge Elimination System (NPDES).

#### OFF-STREET PARKING

Off-street parking spaces shall be provided based on the following ratios:

Big Box Retail:	3.88 Spaces/ 1000 Net SF
Public Eating Establishments:	1 Space/40 SF of dining space or 2 ½ seats (whichever requires the greater number of parking spaces)
Other Retail:	5 Spaces/100 Net SF

#### SIGNAGE

Signage shall conform to the City of San Jose Municipal Code (Title 23).

#### **ENVIRONMENTAL MITIGATION**

##### WATER QUALITY

The project developer shall comply with the NPDES General Permit for Discharges of Storm Water associated with Construction Activity, as administered by the Regional Water Quality Control Board. Prior to construction grading for the project, the project developer shall file a "Notice of Intent" (NOI) with the State Water Resources Control Board to comply with the General Permit and prepare a Storm Water Pollution Prevention Plan (SWPPP) which addresses measures to be included in the project to

minimize and control runoff during both the construction and post-construction periods. The SWPPP shall be submitted to the City of San Jose Department of Public Works.

Control measures shall be implemented during the construction period and shall include: soil stabilization practices, sediment control practices, sediment tracking control practices, wind erosion control practices, non-stormwater management, waste management and disposal control practices.

The project shall include provision for post-construction structural controls, and shall employ Best Management Practices (BMPs) for reducing contamination in stormwater runoff as permanent features of the project.

As part of the mitigation for post-construction runoff impacts addressed in the SWPPP, the project developer shall implement regular maintenance activities (e.g., damp sweeping, cleaning storm drain inlet, litter control) at the site to prevent soil, grease, and litter from accumulating on the project site and contaminating surface runoff. Storm water catch basins shall be stenciled to discourage illegal dumping.

## BIOLOGIC RESOURCES

The project developer shall implement the following measures to mitigate potentially significant impacts to biologic resources:

Mitigation Measure BIO- 1: Implementation of the following three-part mitigation measure would reduce the potential impact to special-status bats which could be roosting on the site at the time of building demolition and tree removal:

1a. To prevent entry by bats into the existing buildings, all doors, windows, and exterior surfaces shall be maintained to remain intact and absent of openings.

1b. To avoid take of bats which could potentially be roosting under the wood shakes on the mansard roofs of Buildings 024 and 030, the mansard roofs shall be dismantled first, starting with the roof sections found to be in the best condition, and moving toward those sections with decayed and missing shakes where bats are most likely to be found. (The disturbance created by removing the roof sections least likely to contain roosting bats would cause any bats occupying the damaged roof sections to evacuate the roost.)

1c. To avoid potential take of bats during tree removal, the smaller trees surrounding the large trees shall be removed before the adjacent large trees where bats may be roosting. (The systematic removal of smaller trees would likely create enough disturbance to cause any bats occupying larger trees to evacuate any nearby roosts.) The smaller trees shall be removed no less than one day prior and no more than two days prior to removal of the larger adjacent trees. This timing of activities would allow one nightly emergence period for the bats to abandon their roosts prior to removal of the larger trees. (The short period between removal of the smaller trees and the removal of the larger trees would minimize the likelihood of bats returning to the larger trees prior to removal.) (LTS)

**Impact BIO-2: Implementation of the proposed project could impact the burrowing owl if the species occupies the project site prior to the start of demolition and construction. (S)**

No ground squirrel burrows were found on the site during the February 2003 surveys by LOA, and the site lacks any suitable habitat for the species. However, there is the possibility that squirrel burrows may have been established on the project site since 2003 and subsequently colonized by burrowing owls. Therefore, the project could result in a potentially significant impact to the burrowing owl.

Mitigation Measure BIO-2: Implementation of the following three-part mitigation measure would reduce potential impacts to burrowing owl to a less-than-significant level.

2a. In conformance with federal and State regulations protecting raptors against direct "take," pre-construction surveys for burrowing owls shall be conducted by a qualified ornithologist prior to any soil-altering activity or development occurring within the project area. The preconstruction surveys shall be conducted per CDFG guidelines, no more than 30 days prior to the start of site grading, regardless of the time of year in which grading occurs. If no burrowing owls are found, then no further mitigation would be warranted. If breeding owls are located on or immediately adjacent to the site, a construction-free buffer zone around the active burrow must be established as determined by the ornithologist in consultation with CDFG. No activities that may disturb breeding owls, including grading or other construction work or evictions of owls, shall proceed.

2b. If preconstruction surveys determine that burrowing owls occupy the site, and avoiding development of occupied areas is not feasible, then the owls may be evicted outside of the breeding season, with the authorization of the California Department of Fish and Game (CDFG). The CDFG typically only allows eviction of owls outside of the breeding season (only during the non-breeding season [September 1 to January 31]) by a qualified ornithologist, and generally requires habitat compensation on off-site mitigation lands.

2c. A final report of burrowing owls, including any protection measures, shall be submitted to the Director of Planning, Building and Code Enforcement prior to start of grading. (LTS)

**Impact BIO-3: Implementation of the proposed project could adversely affect nesting raptors (hawks and owls) which could be established on-site prior to site development activities. (S)**

Although no evidence of nesting raptors was found during site surveys by LOA, there is still potential for some species of raptors to nest in the on-site trees in the future. It should be noted, however, that raptors are not typically found nesting in urban settings. Construction activities occurring during the breeding season (February through July) could result in the abandonment of active nests (if any are present) or direct mortality to these birds. Construction activities that adversely affect nesting (even off site), or result in mortality of individual birds, would be a violation of state and federal law. Therefore, the project may result in a potentially significant impact to nesting raptors.

Mitigation Measure BIO-3: The implementation of the following two-part mitigation measure would ensure that raptors (hawks and owls) are not disturbed during the breeding season:

3a. A qualified ornithologist shall conduct a pre-construction survey for nesting raptors (including both tree and ground nesting raptors) on the site no more than 30 days prior to the onset of ground disturbance. These surveys shall be based on accepted methods (e.g., as for the burrowing owl) for the various target species (e.g., up to four pedestrian surveys of the site).

3b. If nesting raptors are identified during the nesting season (February 1 through August 31) on or adjacent to the site, then the ornithologist shall, in consultation with an authorized representative of CDFG, determine a ground disturbance-free setback zone around the nest (usually a minimum of 250 feet). The actual distance of the ground disturbance-free zone will depend on the species, location of the nest, and local topography. This setback must be temporarily fenced, and construction equipment and workers precluded from entering the enclosed setback area until the conclusion of the breeding season. (LTS)

Mitigation Measure BIO-4: Implementation of the following two-part mitigation measure would reduce the potential impact related to removal of trees.

4a. The applicant shall develop a landscape plan that incorporates the following replacement ratios for each tree removed:

- i. Four replacement trees for every tree removed that is 18 inches in diameter.
- ii. Two replacement trees for every tree removed that is 12-18 inches in diameter.
- iii. One replacement tree for every tree removed that is less than 12 inches in diameter.

4b. In the event the developed portion of the project site does not have sufficient area to accommodate the required tree replacement, one or more of the following measures shall be implemented at the permit stage:

- i. An alternative site(s) will be identified for additional tree planting. Alternative sites may include local parks or schools or installation of trees on adjacent properties for screening purposes to the satisfaction of the Director of the Department of Planning, Building, and Code Enforcement.
- ii. An in-lieu donation of \$300 per tree to San Jose Beautiful or Our City Forest for in-lieu off-site tree planting in the community. These funds would be used for tree planting and maintenance of planted trees for approximately three years. A donation receipt for off-site tree planting shall be provided to the Planning Project Manager prior to issuance of a development permit.

Even with the above mitigation, implementation of the proposed project would result in the unmitigated biological impact of the removal of 385 trees. (SU)

**Impact BIO-5: Implementation of the proposed project would result in damage to trees that could be maintained as part of the landscape plan. (S)**

Mitigation Measure BIO-5: The following tree protection measures would be implemented in order to protect trees to be retained during construction:

#### Design Measures

- 1. Any plan affecting trees should be reviewed by the consulting arborist with regard to tree impacts. These include, but are not limited to, improvement plans, utility and drainage plans, grading plans, landscape and irrigation plans, and demolition plans.
- 2. The consulting arborist will identify a Tree Protection Zone for trees to be preserved in which no soil disturbance is permitted (typically the edge of the dripline). Where approved site improvements encroach within the dripline, the consulting arborist will determine where a smaller Tree Protection Zone is to be placed, and make recommendations to reduce the impacts of

construction in those areas.

3. The Tree Protection Zone of trees to be preserved may allow for approved site improvements near, and in some cases, within the dripline. Future refinements to the design, such as lighting and landscaping, should not require grading within the Tree Protection Zone.

4. Prior to issuance of a PD permit, the consulting arborist will submit to the satisfaction of the Director of Planning a Tree Fencing Plan detailing the location of ail protective fencing enclosing the Tree Protection Zone.

5. No underground services including utilities, sub-drains, water or sewer shall be placed in the Tree Protection Zone.

6. Any herbicides placed under paving materials must be safe for use around trees and labeled for that use.

7. Irrigation systems must be designed so that no trenching will occur within the Tree Protection Zone.

#### Pre-Construction Treatments

1. Fence all trees to be retained to completely enclose the Tree Protection Zone prior to demolition, grubbing or grading. Fences shall be 6-foot chain link or equivalent as approved by consulting arborist. Fencing shall be placed at the dripline. Fences are to remain until all grading and construction is completed.

2. Prune trees to be preserved to clean and elevate the crown, providing a level of clearance for vehicles to be determined in consultation with Fehr and Peers Associates, Inc., based on the likely vehicle use patterns in the various parking areas. All pruning shall be completed by a certified arborist or tree worker and adhere to the 'Tree Pruning Guidelines' of the International Society of Arboriculture.

#### Tree Protection During Construction

1. No grading, parking, construction, demolition or other work shall occur within the Tree Protection Zone. Any modifications must be approved and monitored by the consulting arborist.

2. Tree health and structural condition shall be monitored throughout the construction period. Any needed treatments shall be applied. These treatments may include, but are not limited to, irrigation, pest control, weed control, and mulch treatment.

3. Any root pruning required for construction purposes shall receive the prior approval of, and be supervised by, the consulting arborist.

4. If injury should occur to any tree during construction, it should be evaluated as soon as possible by the consulting arborist so that appropriate treatments can be applied.

5. Root-injured trees have a limited capacity to absorb water. Therefore, it is important to ensure adequate soil moisture in the area of active roots. One to several irrigations may be needed for trees that are at risk. Irrigations should be specified by the consulting arborist.



6. No excess soil, chemicals, debris, equipment or other materials shall be dumped or stored within the Tree Protection Zone.

#### Trees to be Relocated

The following measures shall be implemented by the applicant to ensure vigor and survival of trees selected for relocation:

1. A qualified arborist shall be retained to plan and manage the tree transplanting program.
2. The arborist's plan for transplanting trees shall be submitted to the City prior to the issuance of a PD Permit, and the arborist shall implement the plan as approved.
3. The arborist shall ensure that transplanted trees are properly handled and cared for during excavation, moving, storage, maintenance, replanting, and establishment. The project arborist shall provide appropriate recommendations to ensure vigor and survival of the trees throughout the transplantation and establishment process.
4. In the event that any of the transplanted trees fail within the first 12 months of relocation, they shall be replaced in accordance with the City of San Jose tree replacement requirements. (LTS)

#### ARCHEOLOGICAL RESOURCES

The project developer shall implement the following measures to mitigate potentially significant impacts to any archeological resources that may be buried on the site:

In the event that either prehistoric or historic archaeological materials are exposed or discovered during site preparation or subsurface construction, operations within a 25-foot radius of the find shall be halted, until the find can be inspected by a qualified professional archaeologist. If the archaeologist concludes that the find may be of significance, a plan for evaluating the significance of the resource and recommending appropriate mitigation under the current CEQA Guidelines shall be prepared by the archaeologist and submitted to the Director of Planning, Building and Code Enforcement.

Mitigation for Impacts to historic and prehistoric materials may include monitoring combined with data retrieval, or may require a program of hand excavation to record and/or remove materials for further analysis. The appropriate program for mitigating the impacts to any buried resources found on the site will be implemented, and the final report transmitted to the Director of Planning, Building and Code Enforcement.

If human remains are discovered, the Santa Clara County Coroner shall be notified. The Coroner would determine whether or not the remains were Native American. If the Coroner determines that the remains are not subject to his authority, he will notify the Native American Heritage Commission, who would identify a most likely descendant to make recommendations to the land owner for dealing with the human remains and any associated grave goods, as provided in Public Resources Code Section 5097.98.

#### HISTORICAL RESOURCES

The project developer shall implement the following measure:

1. The project developer shall preserve an exterior wall from Building 025 that represents the character of the building and shall incorporate this wall into an on-site interpretive exhibit on the history of the building. This exhibit shall include material from the historic report, original drawings, copies of the HABS level photography and actual building material (including some of the mosaic tiles or other elements of the building), and shall be located and designed so that it is accessible to the public and of a durable design. Design and implementation of the exhibit shall include the following to the satisfaction of the Director of Planning:

A. Prior to demolition of Building 025, the project developer shall in consultation with the City's Historic Preservation Offices:

Prepare and distribute a proposal to qualified consultants to design the interpretative exhibit and select qualified consultant(s) to the satisfaction of the Director of Planning. This team shall consist of at least a preservation architect or materials conservator, an architectural historian or historian, and an exhibit designer.

Submit a plan for the interpretative exhibit that includes:

Identification by the architect/conservator of the specific wall that is most characteristic of Building 025, any materials to be salvaged from the building for exhibit and any protective measures necessary to ensure that these elements/materials are preserved; and

Outline of the interpretative text and materials to be incorporated into the exhibit

Conceptual design for the exhibit including its location, orientation and the organization of building elements, text, photographs and drawings

Coordinate with the City's Historic Preservation Officer to develop the design and location of the interpretative exhibit and obtain approval of a Permit Adjustment for the final design. The consultant team shall consider incorporating the Gurdon Woods sculpture, from building 025, into the design of the interpretative exhibit.

B. Prior to occupancy of any building on the site, the applicant shall complete construction of the exhibit in conformance with the approved plans, to the satisfaction of the Director of Planning.

C. The project developer shall provide on-going maintenance of the facility (i.e., exhibit) as necessary, to keep it in good condition and publicly accessible.

2. Prior to issuance of a Planned Development Permit, the project developer shall contribute \$10,000 to a citywide industrial land historic building survey, to the satisfaction of the Director of Planning.

3. The project developer shall implement the detailed mitigations formulated by Thomas Hardy, AIA, discussed below, to the satisfaction of the City of San Jose, Historic Preservation Officer. These mitigation measures shall be conducted by qualified consultants as described in the Professional Qualification Standards of the Secretary of the Interiors Standards and Guidelines for archeology and Historic Preservation.

Prior to the issuance of a Planned Development Permit, the project developer shall submit a program and schedule for implementation of the following measures, to the satisfaction of the Director of Planning:

1. **PRESERVATION OF ARTWORK:** Project developer shall consider retention, refurbishment and relocation of the Gurdon Woods sculpture on the existing industrial park facility/campus, in consultation with the City of San Jose Historic Preservation Officer. Alternatively, the project developer may donate the sculpture to an appropriate facility for refurbishing and preservation at an off-site location, in consultation with the City of San Jose Historic Preservation Officer.

The project developer shall retain a qualified conservator to rehabilitate and relocate Gurdon Woods sculpture "Research" to an appropriate comparable setting, e.g., Building 010 or vicinity, assuming special arrangements could be made with IBM/Hitachi for such relocation within their campus. Install sculpture in new reflecting pool or on polished stone slab. Installation to include existing and additional new plaque. Prior to relocation, document this feature photographically to HABS (the Historic American Building Survey) standards.

2. **CERAMIC MOSAIC VENEER:** Prior to removal, document this feature photographically to HABS standards. Contact Historic San Jose or other similar organization to determine if they have any interest in this feature. If there is no interest, make the feature available for salvage, in consultation with the City of San Jose, Historic Preservation Officer.

3. **HISTORICAL RECORD OF IBM'S TECHNOLOGICAL INNOVATIONS AT BUILDING 025 AND THE COTTLE ROAD CAMPUS:** The project developer and property owner shall make available for research or contribute materials that describe the use of the property and to the extent that they exist, documents relating to social, civic and economic conditions that were present and affected changes at Building 025 and its context. Copies of any facility plans, architectural or engineering drawings or photographs or unrestricted research records pertaining to Building 025 that are retained by the property owner shall also be offered for the archives at History San Jose.

4. **DOCUMENTATION:** The project developer shall provide documentation in accordance with HABS, to the satisfaction of the City of San Jose Historic Preservation Officer. Still photographic recordation, video or other appropriate medium shall be required of the project sponsor. Existing architectural and engineering drawings shall be

offered to the San Jose Planning Department or measured drawings that meet the standards of HABS shall be provided.

5. DOCUMENTATION OF THE SITE SHALL BE CONDUCTED ACCORDING TO HABS STANDARDS: The documentation is to be conducted by a qualified consultant as described in the Professional Qualification Standards of the Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation.

6. HABS PHOTOGRAPHY: This will consist of selected large format, black-and-white views of the existing building, to HABS standards, in consultation with the City of San Jose Historic Preservation Officer. Views will include at a minimum:

- 6-8 views of exterior (including the courtyards and concrete block divider screens)
- 3 views of setting
- 6-8 views of interior
- 3-4 selected details (including the sculpture, ceramic mosaic veneer mural, etc.)

7. DRAWINGS: Copies of selected John S. Bolless drawings shall be reproduced from microfiche on archival media. A preliminary selection of 10 drawings has been made. A search of materials at U.C. Berkeley Environmental Design Archives shall be conducted as appropriate, for the project file at History San Jose.

8. HISTORIC PHOTOGRAPHS: There are a number of high quality historic photographs in IBM's possession that were taken before, during and after construction that provide an important part of Building 025's history. The project developer and property owner shall make 8x10 black-and-white prints, on archival paper, of selected photographs of historic and contemporary views (as shown in Appendix A of the Hardy report and in Appendix E of the EIR) available to the City of San Jose, to the satisfaction of the City of San Jose historic Preservation Officer. Included will be at least one aerial view of the site Prior to construction or before major development in the area.

Three copies of the HABS level photography, historic photographs, drawings and written reports will be packaged as one document recording the history and significance of the site and provided to the City of San Jose Historic Preservation Officer in the Department of Planning, building and Code Enforcement for distribution to History San Jose, the California Room of the Martin Luther King, Jr. Library, and the Northwest Information Center at Sonoma State university.

In addition, the project developer shall present the documents compiled from the above recordation tasks to the U.C. Berkeley Environmental Design Archives, in consultation with the City of San Jose Historic Preservation Officer.

9. SALVAGE: Make usable materials available for salvage by qualified contractors.

Building 025 will be surveyed by a qualified historical architect acceptable to both the project developer and the City to identify any significant historic features or materials for reuse or salvage. Prior to demolition, the project applicant shall consult with the History

of San Jose, the Preservation Action Council of San Jose, and the Historic Landmarks commission, as well as the City of San Jose Historic Preservation Officer, regarding the salvage of materials from Building 025 for public information or reuse in other locations.

## TRAFFIC AND TRANSPORTATION

The project developer shall contribute towards transportation improvements to reduce potential traffic and transportation impacts consistent with fair share contributions made by other residential and commercial occupants, to the satisfaction of the Director of Public works.

## AIR QUALITY

Demolition and construction period activities could generate significant dust, Exhaust, and organic emissions. (S)

The proposed project would require demolition of existing buildings, the recycling of materials and excavation/removal of soil from the site. The physical demolition of existing structures, excavation of soil and other existing infrastructure improvements are construction activities with a high potential for creating air pollutants. In addition to the dust created during demolition, recycling and excavation, substantial dust emissions could be created as debris and soil is loaded into trucks for disposal.

After removal of existing structures, construction dust would also continue to affect local air quality during construction of the project. Construction activities would generate exhaust emissions from vehicles/equipment and fugitive particulate matter emissions that would affect local air quality.

Construction activities are also a source of organic gas emissions. Solvents in adhesives, non-water-base paints, thinners, some insulating materials and caulking materials would evaporate into the atmosphere and would participate in the photochemical reaction that creates urban ozone. Asphalt used in paving is also a source of organic gases for a short time after its application.

The effects of construction activities would be increased dustfall and locally elevated levels of PM downwind of construction activity. Construction dust would be generated at levels that would create an annoyance to nearby properties.

Mitigation Measure AIR-1: Consistent with guidance from the BAAQMD, the following actions shall be required of construction contracts and specifications for the project.

### Demolition

The following controls shall be implemented during demolition:

1. Water during demolition of structures and break-up of pavement to control dust

generation;

2. Cover all trucks hauling demolition debris from the site; and
3. Use dust-proof chutes to load debris into trucks whenever feasible.

#### Materials Crushing and Recycling

The following action shall be required for the project.

1. All crushing and screening equipment used on site for the recycling of materials shall be permitted by the Bay Area Air Quality Management District and shall utilize Best Available Control Technology (BACT). BACT measures could include the regular watering of debris piles and use of continuous water sprays on crushing equipment; and
2. Prior to issuance of a Planned Development Permit, the applicant shall submit a program and site plan for on-site recycling of construction debris.

#### Construction

The following controls shall be implemented at all construction sites:

1. Water all active construction areas at least twice daily and more often during windy periods; active areas adjacent to existing land uses shall be kept damp at all times, or shall be treated with non-toxic stabilizers to control dust;
2. Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least 2 feet of freeboard;
3. Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction sites;
4. Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas at construction sites; water sweepers shall vacuum up excess water to avoid runoff-related impacts to water quality;
5. Sweep streets daily (with water sweepers) if visible soil material is carried onto adjacent public streets;
6. Apply non-toxic soil stabilizers to inactive construction areas;
7. Enclose, cover, water twice daily, or apply non-toxic soil binders to exposed stockpiles (dirt, sand, etc.);
8. Limit traffic speeds on unpaved roads to 15 mph;



9. Install sandbags or other erosion control measures to prevent silt runoff to public roadways;
10. Replant vegetation in disturbed areas as quickly as possible.
11. Install base rock at entryways for all exiting trucks, and wash off the tires or tracks of all trucks and equipment in designated areas before leaving the site; and
12. Suspend excavation and grading activity when winds (instantaneous gusts) exceed 25 mph.

Implementation of this mitigation measure would reduce construction period air quality impacts to a less-than-significant level. (LTS)

#### Regional Emissions

Prior to issuance of a Planned Development Permit, the project developer shall submit to the satisfaction of the Director of Planning, a program for implementing the following mitigation measures for reduction of regional air quality:

Provide preferential parking for employee carpools, electric and low-emission vehicles.

Institute the Commute Check program for employees.

Provide motorcycle parking, secured bicycle parking and shower facilities for employees in conformance with the requirements of Title 20 of the San Jose Municipal Code.

#### NOISE

The project shall comply with the following noise reduction measures:

1. General construction activities shall be limited to weekdays from 7:00 am to 7:00 pm. Construction outside of these hours may be approved through a development permit based on a site-specific construction noise mitigation plan, and a finding by the Director of Planning, Building and Code Enforcement that the construction noise mitigation plan is adequate to prevent noise disturbance of affected residential uses.
2. All heavy construction equipment used on the project site shall be maintained in good operating condition with all internal combustion, engine-driven equipment equipped with intake and exhaust mufflers that are in good condition.
3. All stationary noise-generating equipment shall be located as far away as possible from neighboring property lines, especially residential uses.
4. Prohibit and post signs prohibiting unnecessary idling of internal combustion engines.

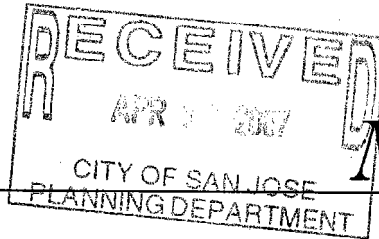
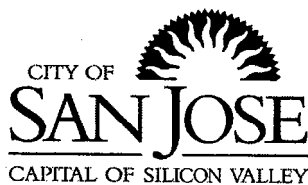
5. Designate a “noise disturbance coordinator: who would be responsible for responding to any local complaints about construction noise. The disturbance coordinator would determine the cause of the noise complaints (e.g. beginning work too early, bad muffler) and institute reasonable measures warranted to correct the problem. A telephone number for the disturbance coordinator would be conspicuously posted at the construction site.

6. Utilize “quit” models of air compressors and other stationary noise sources where such technology exists. (LTS)

#### HAZARDS AND HAZARDOUS MATERIALS

The existing hazardous materials present in the vacant on-site buildings will be removed and disposed of by the project developer, in compliance with all applicable Federal, State and local regulatory requirements.

*As proposed by the applicant 3/29/07*



# Memorandum

**TO:** Jeff Roche  
Planning and Building

**FROM:** Amit Mutsuddy  
Public Works

**SUBJECT:** SEE BELOW

**DATE:** 03/29/07

Approved

Date

03/29/07

**SUBJECT:** LOWE'S SHOPPING CENTER  
PW NO. 3-00640 (PDC06-003)

We have completed the review of the traffic analysis for the subject project. The project is located on the subject parcel bounded by Endicott Boulevard to the north, new Great Oaks Boulevard from Endicott to Cottle Road, previously Boulder Boulevard to the east/ Poughkeepsie Road to the south, and Cottle Road to the west. The proposed project includes construction of a 169,793 sf Lowe's Home Improvement store and 24,600 sf of neighborhood shopping. The proposed development is projected to add 364 a.m. peak hour trips and 633 p.m. peak hour trips.

## ACCESS

Regional access to the project area is provided via State Route 85 (SR 85), US101, Monterey Road (SR 82), and Santa Teresa Boulevard. Local access to the project site is provided via Cottle Road, new Great Oaks Boulevard, Blossom Hill Road, and Poughkeepsie Road.

Vehicular access to the site will be provided via 5 driveways. Two driveways will be located on new Great Oaks Boulevard, one signalized, full-access driveway opposite the future north-south collector street serving the Hitachi residential and retail development, and the other a right-turn in/out located nearest to Endicott Boulevard. Two driveways will be located on Cottle Road, one right-turn in/out driveway located nearest to new Great Oaks Boulevard, and the second a limited access signalized driveway located directly opposite the ramps to and from eastbound Blossom Hill Road. The final driveway is a right-turn in/out and is located on Endicott Boulevard. This driveway is expected to be a service driveway and used by trucks. These driveways provide adequate capacity for vehicles to enter and exit the project site.

## ANALYSIS

Project traffic impacts and transportation level of service (LOS) have been calculated using Traffix, the City of San Jose and the Santa Clara County Congestion Management Program (CMP) approved software.

**City of San Jose Methodology:** Forty-one (41) signalized intersections were analyzed for the AM and PM peak commute hours using TRAFFIX and conforming to the City of San Jose Level-Of-Service (LOS) Policy impact criteria. The results indicate that two (2) intersections would operate an unacceptable LOS E or worse during one or both peak hours with the addition of project traffic. The remaining study intersections are projected to operate at an acceptable LOS D or better. The results of the analysis are summarized in the attached Table ES-1.

**Santa Clara County CMP Methodology:** Sixteen (16) signalized intersections were analyzed for the AM and PM peak commute hours using TRAFFIX and conforming to the Congestion Management Program requirements. The results indicate that two (2) intersections are expected to operate at an unacceptable LOS F during one or both peak hours with the addition of project traffic. The results of the analysis are summarized in the attached Table ES-1.

**Future Signals:** The project is proposing to construct a public street between Cottle Road and new Great Oaks Boulevard. The T-intersection of Endicott Boulevard and Cottle Road meets peak hour warrants for signalization during the p.m. peak hour with the addition of project traffic.

**Left-turn Storage Analysis:** Left-turn lane storage analyses were performed at three (3) intersections, new Great Oaks Boulevard/site access opposite the future north-south collector street serving the Hitachi residential and retail development, new Great Oaks Boulevard/Endicott Boulevard, and Cottle Road/project access located directly opposite the ramps to and from east bound Blossom Hill Road (Concord Drive). The results of the analyses indicate that the queuing storage at all locations is sufficient.

**Freeway Analysis:** The project trips on the study freeway segments in the project area would be less than one percent of the segment's capacity. Therefore, the freeway segments would not be significantly impacted by the project according to the CMP definition of freeway impacts.

**Project Conditions:**

- a) Install a traffic signal at the intersection of Cottle Road and Endicott Boulevard.
- b) Modify traffic signal at the intersection of Cottle Road/Concord Drive project access. Restrict the outbound movements to right-turns out only to further discourage both site-generated traffic and other vehicles from using this intersection.
- c) Construct a project access and signal modification at the three-legged intersection of new Great Oaks Boulevard/Charlotte Drive. The adjacent project is conditioned to construct this intersection.
- d) Dedicate and improve 77' of public street along the north side of the project boundary extending Endicott Boulevard from new Great Oaks Boulevard to Cottle Road. Public Street to include canalized median island, bike lanes, curb, gutter, sidewalk on the west side of the street only, street trees, and street lighting.
- e) Dedicate and improve project frontage along new Great Oaks Boulevard, currently planned to be constructed by others.

03/29/07

**Subject: Traffic Analysis for PDC06-003**

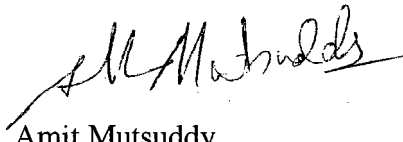
Page 3

- f) Improve project frontage along Cottle Road including installation of bike lanes, curb, gutter, sidewalk, street trees, and street lighting.
- g) Contribute \$50,000 towards post occupancy traffic study and implementation of traffic control devices, if necessary.
- h) Contribute fair-share contribution of \$300,000 toward the Edenvale Area Development Policy (EADP).

**RECOMMENDATION:**

With the inclusion of the above conditions, the subject project will be in conformance with both the City of San Jose Transportation Level of Service Policy (Council Policy 5-3) and the Santa Clara County Congestion Management Program. Therefore, a determination for a negative declaration can be made with respect to traffic impacts.

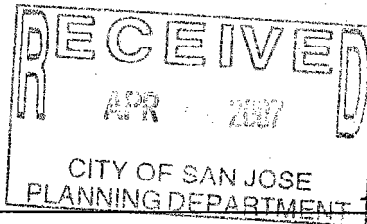
If you have any questions, please call Loralyn Tanase at ext. 53881 or Karen Mack at ext. 56816.



Amit Mutsuddy  
Project Engineer  
Transportation and Development Services Division

AM:KM:lt

C: Karen Mack  
Manuel Pineda, DOT  
Traffic Consultant



# Memorandum

**TO:** Jeff Roche  
Planning and Building

**FROM:** Ebrahim Sohrabi  
Public Works

**SUBJECT: FINAL RESPONSE TO  
DEVELOPMENT APPLICATION**

**DATE:** 03/29/07

---

**PLANNING NO.:** PDC06-003  
**DESCRIPTION:** Planned Development Rezoning from IP(PD) Industrial Park Planned Development Zoning District to A(PD) Planned Development Zoning District to allow up to 164,600 square feet for wholesales and retail commercial uses and 40,000 square feet for garden center uses on a 18.75 gross acre site  
**LOCATION:** northeast corner of Cottle Road and Poughkeepsie Road  
**P.W. NUMBER:** 3-00640

Public Works received the subject project on 02/22/06 and submits the following comments and requirements.

## **Project Conditions:**

**Public Works Clearance for Building Permit(s):** Prior to the issuance of Building permits, the applicant will be required to have satisfied all of the following Public Works conditions. The applicant is strongly advised to apply for any necessary Public Works permits prior to applying for Building permits.

1. **Construction Agreement:** The public improvements conditioned as part of this permit require the execution of a Construction Agreement that guarantees the completion of the public improvements to the satisfaction of the Director of Public Works. This agreement includes privately engineered plans, bonds, insurance, a completion deposit, and engineering and inspection fees.
2. **Street Vacation:** A street vacation along Boulder and Cottle Road is required in order to accomplish the land use plan as shown. The street vacation process requires further discretionary approval by the City Council and the project will be subject to this process prior to Public Works Clearance.
3. **Transportation:**
  - a) A traffic impact analysis has been completed for the proposed project. The traffic report identified several public improvements and contributions towards future improvement required for this project to address the traffic increases due to this

- project (see Attachment). Completion of these improvements will bring this project in conformance to the CSJ Transportation Level of Service Policy 5-3.
- b) Contribute \$50,000 towards post occupancy traffic study and implementation of traffic control devices, if necessary.
  - c) Contribute fair-share contribution of \$300,000 toward the Edenvale Area Development Policy (EADP)

4. **Grading/Geology:**

- a) A grading permit is required prior to the issuance of a Public Works Clearance.
- b) If the project proposes to haul more than 10,000 cubic yards of cut/fill to or from the project site, a haul route permit is required. Prior to issuance of a grading permit, contact the Department of Transportation at (408) 535-3850 for more information concerning the requirements for obtaining this permit.
- c) Because this project involves a land disturbance of one or more acres, the applicant is required to submit a Notice of Intent to the State Water Resources Control Board and to prepare a Storm Water Pollution Prevention Plan (SWPPP) for controlling storm water discharges associated with construction activity. Copies of these documents must be submitted to the City Project Engineer prior to issuance of a grading permit.
- d) The Project site is within the State of California Seismic Hazard Zone. A soil investigation report addressing the potential hazard of liquefaction must be submitted to, reviewed and approved by the City Geologist prior to issuance of a grading permit or Public Works Clearance. The investigation should be consistent with the guidelines published by the State of California (CDMG Special Publication 117) and the Southern California Earthquake Center ("SCEC" report). A recommended depth of 50 feet should be explored and evaluated in the investigation.

5. **Stormwater Runoff Pollution Control Measures:** This project must comply with the City's Post-Construction Urban Runoff Management Policy (Policy 6-29) which requires implementation of Best Management Practices (BMPs) that include site design measures, source controls, and stormwater treatment controls to minimize stormwater pollutant discharges. Post-construction treatment control measures, shown on the project's Stormwater Control Plan, shall meet the numeric sizing design criteria specified in City Policy 6-29 -or- the project shall provide an Alternative Measure, where installation of post-construction treatment control measures are impracticable, subject to the approval of the Director of Planning, Building & Code Enforcement.

- a) Projects preliminary stormwater calculation based on the site plan which does not include restoration of the historic building has been reviewed and found to be acceptable.
- b) At PD stage, submit the final Stormwater Control Plan and numeric sizing calculations based on the final site plan.
- c) Final inspection and maintenance information on the post-construction treatment control measures must be submitted prior to issuance of a Public Works Clearance.

6. **Sewage Fees:** In accordance with City Ordinance all storm sewer area fees, sanitary sewer connection fees, and sewage treatment plant connection fees, less previous credits, are due and payable.
7. **Undergrounding:**
  - a) The In Lieu Undergrounding Fee shall be paid to the City for all frontage adjacent to Cottle Road prior to issuance of a Public Works clearance. 100 percent of the base fee in place at the time of payment will be due. (Currently, the base fee is \$224 per linear foot of frontage.)
  - b) The Director of Public Works may, at her discretion, allow the developer to perform the actual undergrounding of all off-site utility facilities fronting the project adjacent to Cottle Road. Developer shall submit copies of executed utility agreements to Public Works prior to the issuance of a Public Works Clearance.
8. **Assessments:** This project is located within the boundaries of Maintenance District 9 which is a fee for service to maintain the enhanced street island landscaping on Santa Teresa Blvd, Great Oaks Blvd, San Ignacio Ave and Cottle Rd. The assessment for fiscal year 2005-06 is calculated at approximately \$114 to \$143 per acre depending upon proximity to the maintained areas and is adjusted annually by the Consumer Price Index. Collectively, the 2005-06 assessment on these properties is \$2,283.50. Future year assessments will be apportioned based on the new parcel configuration and land use and will continue to be collected through the County property tax bills. Public agencies and non-profit uses are not exempt from this special assessment.

Landscaping installed by this project in the public right of way above City Type 1 standards will require some financing mechanism, such as a maintenance district, to accommodate additional maintenance needs.

9. **Street Improvements:**
  - a) Endicott Blvd: Construct full street section for the future Endicott Blvd. along project frontage. Endicott Boulevard should be a 77' right-of-way, 2 south bound lanes, 1 north bound lane, median island, bike lane on both sides of the street and 10' side walk at the west side of Endicott Boulevard. The north bound lanes will transition into a thru and a left turn lane to west bound Cottle. The outer south bound lane will transition into 2 lanes, second left turn lane to east bound Great Oaks and dedicated right turn lane to west bound Boulder. No double right lanes.
  - b) Cottle Road from Concord to Endicott: This section of Cottle Road should be 70' right-of-way, 1 west bound lane, 1 east bound lane (east bound lane will transition to 2 lanes, 1 left-turn lane and 1 right turn lane to south bound Endicott), 10' sidewalks on both sides, bike lane on both sides, median island and a left-turn pocket on west bound Cottle Road into the site. The intersection of Cottle and Endicott will have to be re-configured (T intersection with new traffic signal).
  - c) Cottle Road from Poughkeepsie to Concord. The half street section (from the proposed property line to existing median island face-of-curb) just east of the intersection of Cottle Road and Poughkeepsie is 46' and gradually decreases to 38' at west Cottle and Concord. This section will include 2 east bound lane (east bound lane adjacent to the median island will turn to a left-turn lane, 1 thru lane



will continue on east bound Cottle), bike lane and 10' sidewalk along project frontage

d) Project Driveway Access

- o Cottle/Concord driveway access to be signalized with a left and right turn in and a right turn out only. No thru or left out movements will be allowed.
- o Endicott Boulevard driveway access is non-signalized with a right turn in and right turn out only.
- o Boulder Boulevard driveway is non-signalized with a right turn in and right turn out only.
- o Boulder/Poughkeepsie driveway (main entrance) a signalized full access driveway. The project will be required to modify the newly installed signal from a Tee into a four-way intersection. The site approach should match the opposite side.
- o Cottle Road between Poughkeepsie and Concord - non-signalized driveway with a right turn in and right turn out only

e) Proposed driveway Cottle Road cannot be approved as shown on the alternative site plans. It should be perpendicular approach to Cottle Road as shown on the previous site plan that does not include restoration of the historic building.

f) Dedication and improvement of the public streets to the satisfaction of the Director of Public Works.

g) Applicant shall be responsible to remove and replace curb, gutter, and sidewalk damaged during construction of the proposed project.

h) Remove and replace broken or uplifted curb, gutter, and sidewalk along project frontage

i) Repair, overlay, or reconstruction of asphalt pavement may be required. The existing pavement will be evaluated with the street improvement plans and any necessary pavement restoration will be included as part of the final street improvement plans.

10. **Complexity Surcharge (In-Fill):** This project has been identified as an in-fill project, and as such is subject to the following:

- a) Based on established criteria, the public improvements associated with this project have been rated medium complexity. An additional surcharge of 25% will be added to the Engineering & Inspection (E&I) fee collected at the street improvement stage.

11. **Storm and Sanitary:**

- a) The plans currently show conceptual sanitary and storm sewer plans for the site plan without restoration of historic building. If any of the alternative site plans is selected, all sanitary and storm sewer plans will have to be reviewed and approved during the site development permit process.

12. **Grading and Drainage:**

- a) The project plans currently include conceptual grading and drainage plan based on the site plan without historic restoration. At the PD permit stage submit detail

grading and drainage along with revised post construction storm water pollution control plans and calculations.

**13. Electrical:**

- a) Existing electroliers along the project frontage will be evaluated at the public improvement stage and any street lighting requirements will be included on the public improvement plans
- b) Locate and protect existing electrical conduit in driveway and/or sidewalk construction.
- c) Provide clearance for electrical equipment from driveways, and relocate driveway or electrolier. The minimum clearance from driveways is 10' in commercial areas and 5' in residential areas.
- d) Provide clearance for electroliers from overhead utilities and request clearance from utility companies. Clearance from electrolier(s) must provide a minimum of 10' from high voltage lines; 3' from secondary voltage lines; and 1' from communication lines.

**14. Street Trees:**

- a) The locations of the street trees will be determined at the street improvement stage. Street trees shown on this permit are conceptual only.
- b) Contact the City Arborist at (408) 277-2756 for the designated street tree.
- c) Install street trees within public right-of-way along entire project street frontage per City standards; refer to the current "Guidelines for Planning, Design, and Construction of City Streetscape Projects".

**15. Median Island Improvements:**

Applicant will be required to construct a full width Type 1 landscaped median island on Endicott Blvd per City standards; refer to the current "Guidelines for the Planning, Design and Construction of City Streetscape Projects".

Please contact the Project Engineer, Amit Mutsuddy, at (408) 535-6828, if you have any questions.



Michael W. For

Ebrahim Sohrabi  
Senior Civil Engineer  
Transportation and Development Services Division

March 20, 2007

Mr. Craig Nemson, Manager  
Space Planning and Business Controls  
IBM Corporation  
5600 Cottle Road  
San Jose, CA 95193

Dear Craig:

RE: IBM Building 025 and Associated Grounds/ Maintenance of All On-Site Buildings --  
located on the northeasterly corner of Cottle and Poughkeepsie Roads -- File No. PDC 06-003

This letter is intended as a follow-up to a meeting at the end of January 2007 between City staff and representatives of Lowe's. Among other items on the agenda, we discussed the need to maintain all on-site buildings, in particular, IBM Building 025 and the associated site improvements, in a safe, non-blighted condition (ie., free of graffiti and tagging). At that time, we had received reports from members of the community that the condition of IBM Building 025 appeared to be deteriorating and had been the victim of some graffiti and vandalism. Jim Manion and Jennifer Renk indicated that they would have a follow-up discussion with you to call your attention to this issue.

Per the City's Municipal Code, Title 9 Health and Safety - Section 9.57 Graffiti Prohibitions, "*No person shall maintain graffiti that has been placed upon, or allow graffiti to remain on, any real property, including but not limited to any building or structure, nor on any motor vehicle, boat, trailer, or other personal property located on the real property, when the graffiti is visible from a street or from any other public or private property.*"

Since that time, the amount of graffiti and tagging appears to have increased. On my recent site check last week, the deterioration of the building seems to be considerably worse than it was a few weeks ago. It does not appear from off-site of the property that there has been any attempt at removing the earlier tagging and graffiti. This lack of maintenance may have attracted more graffiti and vandalism, and is resulting in increasingly blighted conditions.

There is graffiti all over the portion of the building that is visible from Cottle Road, including the windows and walls. It may be difficult to remove without damaging the building and its façade elements, unless the clean-up is done carefully, respecting the historic character of the building. Standard clean-up techniques such as painting over the tagging are not appropriate and should not be used.

We understand from Lowe's representatives that you may have been out of the office for personal reasons in this timeframe. Your immediate attention to the on-going need to maintain this property and particularly, IBM Building 025 in a non-blighted condition throughout the entire development review process is required. If modifications to site landscaping or other work on IBM Building 025 are necessary, staff, including the City's Historic Preservation staff are

able to work with you on that matter. We have included information for you from the National Park Service on appropriate methods for removing graffiti from historic buildings.

Please respond by March 27, 2007, indicating how you intend to respond to this situation to maintain the property in a non-blighted condition. If you have any questions regarding the information contained in this letter, please feel free to give me a call at (408) 535-7829.

Sincerely,

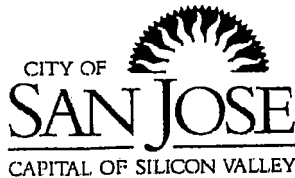


Jeff Roche  
Project Manager

Cc: Craig Nemson, Manager, Space Planning and Business Controls, IBM Corporation, 555 Bailey Avenue, San Jose, CA 95141  
Jennifer Renk, Steefel, Levitt & Weiss, One Embarcadero, 30<sup>th</sup> Floor, San Francisco, CA 94111  
Chris O'Connor, SSOE, 22121 17<sup>th</sup> Avenue, Suite 225, Bothell, WA 98021  
Al Shaghghi, AMS Associates, Inc., 1350 Treat Boulevard, # 250, Walnut Creek, CA 94597  
Darren McBain, Planning  
John Davidson, Planning  
Susan Walton, Planning  
Akoni Daniels, Planning  
Jean Hamilton, Planning  
Mike Hannon, Code Enforcement  
Joseph Horwedel, Planning

Attachment: Preservation Briefs # 38

Cc: Jim Manion, Lowe's HIW, 1530 Faraday Avenue, Suite 140, Carlsbad, CA 92008



Distributed on:

SENT TO COUNCIL: NOV 15 2006

by City Manager's Office  
*Memorandum*

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Joseph Horwedel

**SUBJECT:** Status of Proposed Lowe's/IBM  
Building 025 On Cottle Road

**DATE:** November 9, 2006

Approved

Date 11/14/06

**COUNCIL DISTRICT:** 2  
**SNI AREA:** None

### INFORMATION

The following memo describes the status of the proposed Lowe's Home Improvement Store on the Cottle Road property that includes the historic former IBM Building 025. Construction of the Home Improvement Store as proposed by Lowe's would entail demolition of IBM Building 025.

A trial court and an appellate court have ruled that the approval in 2003 to construct a Lowe's store and demolish the IBM Building 025 was based on an inadequate Environmental Impact Report (EIR). In addition, the court ruled that the findings regarding the feasibility of project alternatives presented to avoid demolition of Building 025 were not supported by substantial evidence, and therefore the project approval was invalidated by the courts.

In January 2006 Lowe's filed a new Planned Development Rezoning application (File# PDC06-003), and City staff and an environmental consultant firm (LSA Associates, Inc.) began preparation of a new EIR. The Draft EIR public review and comment period began September 29, 2006 and ends on November 13, 2006.

While the consultant team is under contract to Lowe's, as is standard practice with any EIR, City staff maintained editorial control to ensure the EIR represents City staff's independent judgment and analysis. City staff determined the document's scope, analytical methodologies, and resulting conclusions regarding environmental impacts, mitigation measures, and potentially feasible alternatives. The EIR was prepared in close coordination with the City Attorney's Office to address the prior court rulings.

Project alternatives to retain IBM Building 025 were key issues in the litigation over the prior EIR, and the current EIR provides an expanded range of design alternatives to fully inform the decision-making process.

The prior EIR provided three alternative designs for Lowe's that would avoid demolition of IBM Building 025 (2-Story Lowe's with Parking Structure, L-Shaped Lowe's with Underground Parking, and Reduced-Scale Lowe's). The new EIR includes an additional three design alternatives (for a

HONORABLE MAYOR AND CITY COUNCIL

November 9, 2006

Subject: Status of Lowe's/IBM Building 025 on Cottle Road


Page 2

total of six design alternatives). These include a variety of Lowe's building configurations and parking layouts, including single-story, rectangular smaller format Lowe's stores with surface parking. The new EIR also discusses two new alternative Edenvale locations on which the Lowe's could potentially be built: the adjacent Hitachi mixed-use development site and the nearby iStar commercial site.

As part of its decision-making process for the proposed Lowe's, the City Council will need to determine the feasibility of each of the potentially feasible alternatives described in the EIR.

"Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors. In considering the feasibility of alternatives, the City Council may consider information in the EIR, as well as information provided by the applicant, staff, the public, and elsewhere in the record. Courts have held that "the fact that an alternative may be more expensive or less profitable is not sufficient to show that the alternative is financially infeasible. What is required is evidence that the additional costs or lost profitability are sufficiently severe as to render it impractical to proceed with the project." (*Citizens of Goleta Valley v. Board of Supervisors 1998*)

Staff will be making a separate recommendation on the actual project, addressing feasibility as well as other issues. The recommendation will be available prior to hearings before the Historic Landmarks Commission, the Planning Commission, and City Council, anticipated in early 2007.

  
JOSEPH HORWEDEL, ACTING DIRECTOR  
Planning, Building and Code Enforcement

For questions please contact Akoni Daniels, Principal Planner, at (408) 535-7823.

December 7, 2006

Jeff Roche  
Planner II  
PBCE  
200 E Santa Clara  
San Jose, CA 95113

Re: PDC 06-003 -- Revised Plans -- Proposed Lowe's South San Jose

Dear Jeff:

Thank you for the opportunity to review and provide design comments for the Proposed Lowe's site in South San Jose.

1) SITE CONTEXT

- a. Hitachi Master Plan – The conceptual master plan for the Hitachi development surrounding the Lowe's store includes high density housing, a park with playing fields, mixed-use buildings, and a neighborhood serving retail center. Issue: As proposed, the design of the Lowe's store ignores the future surrounding context by presenting a blank wall or high security fence to the surrounding neighborhood. Recommendation: Make the building appear more compatible to its surrounding context by including pedestrian-friendly design elements.

2) SITE DESIGN

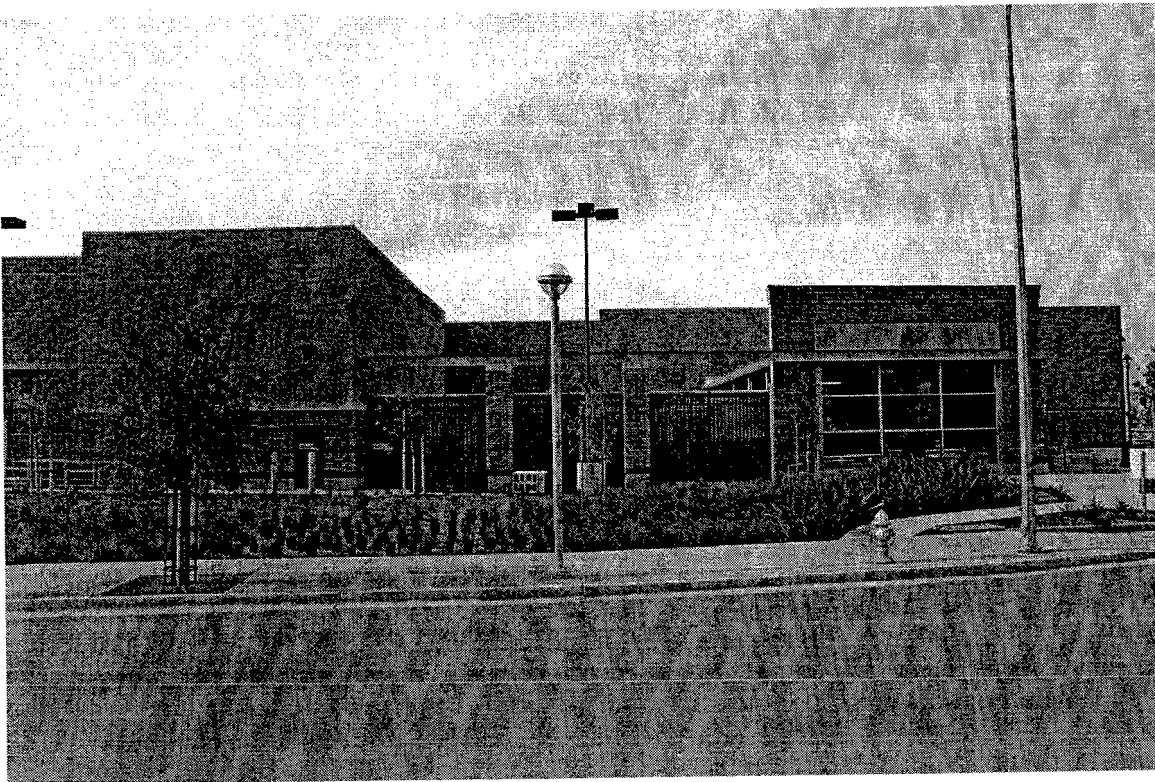
- a. Pad Buildings and Shops – These perimeter buildings should help balance the proposed development on the opposite side of the street, meanwhile helping to create a defined perimeter to the Lowe's site. Provide elevations, sections, and typical details of these buildings for further comment. Although operationally the front door to these buildings will be from the parking lot, the street-facing façade should incorporate features which give the appearance of a front façade, not a back wall.
- b. Bike Racks – The number of bike racks situated in front of the Lowe's store seems excessive for this kind of retail. Locate the racks adjacent to the pad and shop buildings where bike riders are more likely to visit.

3) BUILDING DESIGN

- a. Left Elevation – (Sheet A-5) The proposed blank wall is not desirable for a busy street like Cottle Road. Make this façade more interesting by including features similar to those used on the front elevation (i.e., pilasters, columns, canopy, etc.). Another possible feature might be colorful metal panels which evoke Building 25.

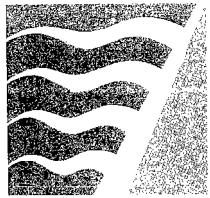
- b. Right Elevation – (Sheet A-5) A 20'-0" tall security fence facing a park and high density housing is not compatible with the proposed high-density housing and park planned across the street. A design which incorporates greenhouse-type features might make this elevation seem less like a secured compound and more like a garden center. See attached photo of Target's garden center located at the San Jose Market Center. Note the use of different materials, storefront windows, columns and metal fences all of which make the building elevation look a higher quality and more interesting.

Photo of Target Garden Center, San Jose Market Center, Autumn Street, near Coleman Avenue:



Sincerely,  
Jennifer Chen  
Development Specialist, II  
Industrial Development





BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT



ALAMEDA COUNTY

Roberta Cooper  
Scott Haggerty  
Nate Miley  
Shelia Young

CONTRA COSTA COUNTY

Mark DeSaulnier  
Mark Ross  
(Vice-Chair)  
Michael Shimansky  
Gayle B. Uilkema  
(Chair)

MARIN COUNTY

Harold C. Brown, Jr.

NAPA COUNTY

Brad Wagenknecht

SAN FRANCISCO COUNTY

Chris Daly  
Jake McGoldrick  
Gavin Newsom

SAN MATEO COUNTY

Jerry Hill  
(Secretary)  
Marland Townsend

SANTA CLARA COUNTY

Erin Garner  
Liz Kniss  
Patrick Kwok  
Julia Miller

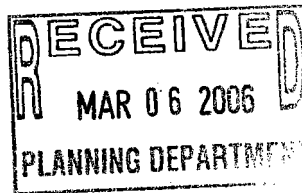
SOLANO COUNTY

John F. Silva

SONOMA COUNTY

Tim Smith  
Pamela Torliatt

Jack P. Broadbent  
EXECUTIVE OFFICER/APCO



March 3, 2006

Jeff Roche  
City of San Jose Planning Division  
200 East Santa Clara St., 3<sup>rd</sup> Floor  
San Jose, CA 95113-1905

Subject: Lowe's Home Improvement Warehouse Project

Dear Mr. Roche:

Bay Area Air Quality Management District (District) staff have reviewed your agency's Notice of Preparation (NOP) of a Draft Environmental Impact Report (DEIR) for approximately 204,600 square feet of commercial uses that include a Lowe's Warehouse big box retail store and approximately 12,750 square feet of retail shops ("project").

The Bay Area is currently a non-attainment area for national and State ambient air quality standards for ground level ozone and State standards for particulate matter. The air quality standards for these "criteria pollutants" are set at levels to protect public health and welfare.

The District has the following specific comments on the environmental analysis that should be included in the DEIR.

1. The *BAAQMD CEQA Guidelines: Assessing the Air Quality Impacts of Projects and Plans (1999)* provide guidance on how to evaluate a project's construction, operational and cumulative impacts. You may obtain a copy by calling our Public Information Division at (415) 749-4900 or downloading the online version from the District's web site at: <http://www.baaqmd.gov/pln/ceqa/index.htm>.
2. The DEIR should provide background information regarding the District's attainment status for all criteria pollutants and the implications for the region if these standards are not attained by statutory deadlines. In addition, a discussion of the U.S. EPA's current proposal to amend national health based particulate matter standards should be discussed. A discussion of the health effects of air pollution, especially on sensitive receptors, should be provided.
3. The DEIR should provide a detailed analysis of the project's potential effects on local and regional air quality from construction, operations and cumulative impacts. Estimate daily and annual volatile organic compounds (VOCs), nitrogen oxides (NOx), and fine particulate matter (PM<sub>10</sub>) emissions from stationary, area and mobile sources resulting from long-term operation of this project and compare to the significance criteria in the *BAAQMD CEQA Guidelines*. Evaluate the potential impacts of toxic air contaminants (TACs) on sensitive receptors as a result of project implementation.

4. Construction activities generate fugitive dust emissions and emissions of criteria pollutants and TACs from construction equipment. The project developers should be required to comply with the dust mitigation measures in the District's CEQA Guidelines. The DEIR should provide an assessment to determine if asbestos is present in existing structures and it should describe how the project will mitigate the impact if it is present. Additionally, the California Air Resources Board (ARB) has identified diesel engine particulate matter as a TAC and known carcinogen. For informational purposes, we recommend that the DEIR also include a quantitative analysis of the criteria pollutant emissions that would be generated from construction equipment exhaust during project construction. We encourage the City to include a mitigation measure requiring the implementation of all feasible measures that reduce construction equipment exhaust emissions. Such measures could include but are not limited to: maintaining properly tuned engines; minimizing the idling time of diesel powered construction equipment to three minutes; using alternative powered construction equipment (i.e., CNG, biodiesel, water emulsion fuel, electric); using add-on control devices such as diesel oxidation catalysts or particulate filters; using diesel construction equipment that meets the ARB's 2000 or newer certification standard for off-road heavy-duty diesel engines; phasing the construction of projects; and limiting the hours of operation of heavy duty equipment.
5. If the project is found to have potentially significant impacts on air quality, we recommend that the DEIR evaluate and recommend all feasible mitigation measures that can reduce project emissions. These could include TDM strategies, such as providing: shuttle service, transit information and shelters, a guaranteed ride home program for employees, and subsidized transit passes. We also recommend that the City require that the project sponsor offer employees a parking cash-out program to encourage them to carpool or take transit. The project could also reduce area source emissions by utilizing only electric forklifts and landscaping equipment in the project operations and the operations of tenants. Providing 110 and 220 volt outlets at all loading docks and requiring trucks to connect with these outlets to power their auxiliary equipment could further reduce area source emissions and diesel particulate matter. Additionally, the City could require the retailer to provide free home-delivery service to customers who make major purchases and who have rode transit, walked or bicycled to the store. The DEIR should provide an analysis of all mitigation measures considered, and justification for those measures not considered feasible.
6. The DEIR should evaluate the project's potential to increase the demand for energy in the City. Increasing the demand for electricity, natural gas, and gasoline may result in an increase of criteria air pollutant emissions from combustion, as well as an increase in greenhouse gas emissions, which can impact regional air quality. We recommend that the DEIR discuss energy demand of the project at build-out, including any cumulative impacts, such as the need to build "peaker power plants" to provide power during peak demand. When identifying strategies to minimize the project's impact on energy and air quality, the District encourages the City to include feasible mitigation measures that would require the development to incorporate a minimum level of green building measures. This minimum level could be based on the Leadership in Energy and Environmental Design (LEED) standards or by setting a target percentage reduction below California Building Code's Title 24 energy standards. Green building measures could include but are not limited to using:

super-efficient heating, ventilation, and air conditioning (HVAC) systems; light-colored and reflective roofing materials, pavement treatments and other energy efficient building materials; shade trees adjacent to buildings and in parking areas; photovoltaic panels on buildings; and natural light and energy-efficient lighting.

If you have any questions regarding these comments, please contact Douglas Kolozsvari, Environmental Planner, at (415) 749-4602.

Sincerely,



Jean Roggenkamp  
Deputy Air Pollution Control Officer

JR:DK

cc: BAAQMD Director Erin Garner  
BAAQMD Director Liz Kniss  
BAAQMD Director Patrick Kwok  
BAAQMD Director Julia Miller



February 6, 2006

City of San Jose  
Department of Planning and Building  
200 East Santa Clara Street  
San Jose, CA 95113

Attention: Jeff Roche

Subject: City File No. PDC06-003 / Lowe's at Cottle

Dear Mr. Roche:

Santa Clara Valley Transportation Authority (VTA) staff have reviewed NOP for the planned development rezoning for a 164,600-square foot commercial building on 18.75 gross acres at the northeast corner of Cottle Road and Poughkeepsie Road. We look forward to reviewing the Draft EIR but have no comments at this time.

Thank you for the opportunity to review this project. If you have any questions, please call me at (408) 321-5784.

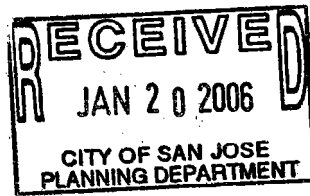
Sincerely,

A handwritten signature in black ink, appearing to read 'Roy Molseed', is written over a light blue horizontal line.

Roy Molseed  
Senior Environmental Planner

RM:kh

cc: Ebrahim Sohrabi, San Jose Development Services



# Memorandum

## ENVIRONMENTAL SERVICES DEPARTMENT (ESD)

**TO:** Jeff Roche  
Department of Planning,  
Building, & Code Enforcement

**FROM:** Geoff Blair  
Environmental Services Department

**SUBJECT:** Response to Development  
Application

**DATE:** Staff Review Agenda  
January 19, 2006

**APPROVED:** *Geoff Blair* **DATE:** 1-19-06

PLANNING NO. :	PD06-003
LOCATION:	5600 Cottle Road, Building 25. Northeast corner of Cottle Road and Poughkeepsie Road.
DESCRIPTION:	Planned Development Rezoning from the IP Industrial Park Planned Development Zoning District to A(PD) Planned Development Zoning District to allow up to 164,000 square feet for wholesale and retail commercial uses and 40,000 square feet for garden center uses on a 18.75 gross acre site.
APN:	70606015

ESD received the subject project and is submitting the following conditions and comments. Questions regarding these comments may be directed to the program contact given or to me at (408) 277-3828.

Stormwater Runoff	San Jose/ Santa Clara Water Pollution Control Plant (Plant)	Source Control	South Bay Water Recycling (SBWR)	Green Building	Integrated Waste Management (IWM)	Water Efficiency
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

### Source Control

#### **Commercial**

The proposed development must conform to the City of San Jose (City) industrial waste discharge regulations<sup>1</sup>. Any non-domestic wastewater discharge into the sanitary sewer system will require Source Control staff to review and approve the final plans. An Industrial Wastewater Discharge Permit may also be required. Implementation of Best Management Practices (BMPs) adopted by the City for specific commercial groups may also be required.

<sup>1</sup> In accordance with the San Jose Municipal Code, Chapter 15.14 - Industrial Waste Discharge Regulations

The inclusion of any of the following commercial uses requires Source Control staff to review and approve the final plans:

- |               |                  |                    |
|---------------|------------------|--------------------|
| ▪ Restaurant  | ▪ Photoprocessor | ▪ Medical Clinic   |
| ▪ Dry Cleaner | ▪ Analytical Lab | ▪ x-ray Clinic     |
| ▪ Laundry     | ▪ Dentist        | ▪ Pathological Lab |

Contact Source Control staff at (408) 945-3000, if you have questions.

### **Green Building**

ESD strongly encourages the developer to take advantage of PG&E's Savings By Design (SBD) incentive program to incorporate more energy efficient fixtures and HVAC equipment into the project. SBD will provide incentives up to \$250,000 for exceeding Title 24. For more information visit [www.savingsbydesign.com](http://www.savingsbydesign.com).

ESD strongly encourages the developer to utilize the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) scorecard in the design and construction of the project. Contact ESD's Green Building staff at (408) 975-2601 for more information.

### **Integrated Waste Management (IWM)**

#### ***Commercial, Industrial, and Institutional Buildings***

1. The proposed commercial development must follow the requirements for recycling container space<sup>2</sup>. When 30 percent or more of the original floor space is added to a new or existing building, provision must be made for the storage and collection of recyclables. Project plans must show the placement of recycling containers, for example, within the details of the solid waste enclosures.
2. It is recommended that scrap construction and demolition debris be recycled instead of disposing of it in a landfill. An infrastructure exists within San Jose to accommodate such recycling efforts. Integrated Waste Management staff can provide assistance on how to recycle construction and demolition debris from the project, including information on where to conveniently recycle the material. For further information, contact the Commercial Solid Waste Program at (408) 535-3515.

### **Water Efficiency**

#### ***Commercial***

The proposed development should consider installation of the following water efficient equipment as applicable:

- **High Efficiency Toilets** (1.0 gal/flush) and/or **Dual Flush Toilets** (0.8-1.1 gal/flush for liquids, 1.6 gal/flush for solids) maximize water efficiency. High Efficiency Toilets use at least 20% less water than standard Ultra-Low Flush Toilets (1.6 gal/flush) and Dual Flush Toilets save water by offering two separate flush settings.
- 

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<sup>2</sup> In accordance with the California Public Resources Code, Chapter 18, Articles 1 and 2

- **Electronic Faucets** use a sensor that allows water to flow only when users place their hands adjacent to the faucet. All units comply with mandated flow rates (2.2 gallons per minute), with many offering flow rates as low as 1.5 gallons per minute. Additionally, the replacement of manual hot and cold water valves with an electrically actuated valve eliminates two high-maintenance items from the restroom. Additional benefits can include improved sanitation and perceived cleanliness because of their hands-free operation. Electronic restroom products can also help facilities meet the accessibility requirements of the Americans with Disabilities Act.

Financial incentives may be available for installing various types of residential, commercial, industrial or institutional water efficient appliances or equipment. Contact the Santa Clara Valley Water District for more information and availability.

Call the Santa Clara Valley Water District Water Conservation Hotline at (408) 265-2607 ext 2554 or visit [www.valleywater.org](http://www.valleywater.org)

# Memorandum

**DATE:** 01/19/06

**TO:** Jeff Roche

**FROM:** Nadia Naum-Stoian

Re: Plan Review Comments

**PLANNING NO:** PDC06-003

**DESCRIPTION:** Planned Development Rezoning from IP(PD) Industrial Park Planned Development Zoning District to A(PD) Planned Development Zoning District to allow up to 164,600 square feet for wholesales and retail commercial uses and 40,000 square feet for garden center uses on a 18.75 gross acre site

**LOCATION:** northeast corner of Cottle Road and Poughkeepsie Road (LOWE'S HOME IMPROVEMENT)

**ADDRESS:** northeast corner of Cottle Road and Poughkeepsie Road (LOWE'S HOME IMPROVEMENT) (5600 COTTLE RD Bldg 25)

**FOLDER #:** 06 001417 ZN

The Fire Department's review was limited to verifying compliance of the project to Article 9, Appendix III-A, and Appendix III-B of the 2001 California Fire Code with City of San Jose Amendments (SJFC). Compliance with all other applicable fire and building codes and standards relating to fire and panic safety shall be verified by the Fire Department during the Building Permit process.

- These comments are based on the following information from drawings dated 11/01/05 by SSOE Inc. Arch. & Eng., and 1/6/06 by AMS Assoc. Inc.

Largest building: 180,000 sq. ft.

Construction Type: V N

Occupancy Group: M/S

Number of stories: 1

1. The project plans as submitted, do not comply with the Fire Code. The following are discrepancies noted:



- a) The plans do not indicate that the required fire flow of 4500GPM will be available at the project site. Please ask the applicant to immediately contact Jim Bariteau of San Jose Water Co. at 408-279-7874 to get the water flow information.
- b) The plans do not show location of hydrants. The required fire flow shall be provided through 4 hydrants.

2. Please advise the applicant to submit plans to the Fire Department that provide the following information:

- a) Location of fire hydrants. The average distance between hydrants shall not exceed 250feet.
- b) Available fire flow. Provide a copy of the letter from San Jose Water Co. that indicates the water flow available.

**Note:** The plans shall be submitted to the Fire Department *by appointment only* (call Nadia Naum-Stoian) as soon as possible.

Nadia Naum-Stoian  
Fire Protection Engineer  
Bureau of Fire Prevention  
Fire Department  
(408) 535-7699

	BROOKLYN NY	S. SAN JOSE
TOTAL HOUSEHOLDS		
1 MILE	137,567	7,702
2 MILE	474,214	22,360
3 MILE	1,136,219	40,844

**Roche, Jeff**

---

**From:** Renk, Jennifer [JRenk@steefel.com]  
**Sent:** Wednesday, February 21, 2007 6:12 PM  
**To:** Renk, Jennifer; Amy Paulsen; Judith Malamut; david.clore@lsa-assoc.com; Danielsen, Akoni; Joseph.Horwedel@sanjoseca.gov; Gurza, Renee; Walton, Susan; Roche, Jeff  
**Cc:** Doane, Rob - Robert P; Mark Stoner; Jim Manion; Davidoff, Judy V.  
**Subject:** RE: PAC SJ Responses

Akoni and Judy, attached please find Lowe's responses to the Historic Landmarks Commission comment letter. Please let us know if you'd like to discuss.

Best regards, Jennifer

Jennifer E. Renk, Esq.  
Steefel, Levitt & Weiss  
A Professional Corporation  
One Embarcadero Center, 30th Floor  
San Francisco, California 94111  
Tel: (415) 788-0900  
Direct: (415) 403-3373  
Fax: (415) 788-2019  
Mobile: (510) 541-5829  
jrenk@steefel.com  
www.steefel.com

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2/22/2007

**MEMORANDUM**

**TO:** Akoni Danielson 17710  
**CC:** David Clore  
Judy Malamut  
Jim Manion  
Mark Stoner  
**FROM:** Judy Davidoff  
Jennifer E. Renk  
**DATE:** February 21, 2007  
**RE:** Responses to Historic Landmarks Commission Comment Letter

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The following sets forth Lowe's responses to the Historic Landmarks Commission's November 16, 2006. The responses are calibrated with LSA's enumerated letter for the Responses to Comments document.

1. This comment reflects the Commission's opinion and does not require a response.
2. The Urban Conservation/Preservation Major Strategy will be added as a text revision to the Responses to Comments.
3. This comment does not raise any specific environmental issue. Therefore, no response is necessary.
4. The update to the Council Policy on the Preservation of Historic Landmarks will be added as a text revision to the Responses to Comments.
5. This comment reflects the Commission's opinion and does not raise any specific environmental issue. No response is required.
6. This comment reflects the Commission's opinion and does not raise any specific environmental issue. No response is required.
7. Comment noted. However, due to the site's constraints and the need to adequately park the site, the Project Design Alternatives could not accommodate the Phase 2 retail. With respect to the Phase 2 retail being located within Building 025, Commenter is directed to pages 246-248 of the DEIR, which summarizes the finding in Appendix E-3 that the modifications necessary to renovate Building 025 for a retail use would have an adverse impact to the structure as an

historic resource. Consequently, it would not be feasible for Building 025 to accommodate the Phase 2 retail component, as Commenter suggests.

8. Commenter is directed to the Fehr & Peers memorandum dated January 19, 2007, which concludes that the parking supply necessary for the re-use of Building 025 and a Lowe's store would not adequately serve the demand of both uses during peak weekday conditions.

9. Comment noted. This comment reflects the Commission's opinion and does not raise any specific environmental issue. No response is required.

10. The possibility of including rooftop parking instead of underground parking does not avoid the functional problems associated with access to parking (whether underground or on the roof) and the L-shaped configuration. Lowe's use of rooftop parking in other states does not justify the approach here especially if such an approach would not minimize the functional problems nor significantly decrease the construction costs.

11. Commenter suggests that logistical difficulties could be addressed by locating Lowe's employee parking on the other side of Building 025 or below grade. The suggestion that Lowe's employee parking could be located on the far side of the site ignores the fact that both uses assumed for the site—office in Building 025 and Lowe's—must be adequately parked. The Fehr & Peers memorandum dated January 19, 2007 confirms that the parking supply associated with the re-use of Building 025 and the Lowe's store likely would not serve the demand from both uses during peak weekday conditions. Consequently, Commenter's suggestion would be undesirable not only for Lowe's, but for the tenants and visitors of Building 025 who would be relying on sufficient parking for customer convenience and economic viability.

With respect to below grade parking, the DEIR notes that the construction costs associated with underground parking would be at least double the construction cost of the proposed project. However, as noted in the DEIR, if the economic viability of providing underground parking or a parking structure for customers on the site is questionable, then the viability of pursuing an "employee only" option is even less supportable and does not solve the overall parking problems associated with the alternative site plan.

12. The Commission's belief that the re-use of Building 025 for specialized retail would not constitute a significant adverse impact to the historic resource is noted and included in the record. The viability of locating the Lowe's store next to Building 025 fails for reasons unrelated to the type of re-use for Building 025. Consequently, the consideration of a retail re-use within the L-Shaped 112,000 Square Foot Lowe's Alternative would not change the DEIR's conclusion that locating this smaller Lowe's store in the South San Jose market would hinder Lowe's ability to compete with other home improvement stores in the area.

13. The DEIR states that "alternate (and more expensive) means of construction could also potentially be employed to otherwise comply with the CBC in lieu of a 60 foot separation." (DEIR, p. 273.) This statement encompasses the Commenter's suggestion that the California Historical Building Code be consulted to explore fire-resistive construction alternatives.

14. Commenter's opinion is noted and included in the record.

In a follow-up letter dated January 17, 2007, RMW reemphasizes its finding that the marketplace for retail projects dictates that tenant spaces be flexible in size and use and have adequate exposure, among other needs and expectations. The basic configuration of the building does not lend itself to providing visual exposure, which is customary for retail tenants. Accordingly, due to user requirements for interior flexibility, building signage, parking and loading requirements adjacent to the building, visual exposure, and building performance expectations, it is RMW's professional opinion that a retail use would have a significant adverse impact on the historic resource.

15. Commenter's opinion as to the overall integrity of Building 025 is noted and included in the record.

Again, RMW notes in its January 17<sup>th</sup> letter that, although an exemption to Title 24 energy requirements would be possible if this building were given historic status, market expectations would dictate the requirement that Building 025 meet at least minimum code performance standards. Moreover, it is RMW's opinion that film and window coverings would not be ideal for retail users, due to the resulting impairment to interior visual exposure. Lastly, RMW continues to recommend that the storefront system be replaced because of the need for new tenant entries and service doors and given the general condition of the aged system, as well as the retail market expectations for visual exposure and energy performance.

16. Comment is noted and included in the record. RMW did not undertake its structural analysis to determine how previous building codes were exceeded and the Structural Narrative prepared by Forell/Elsessor Engineers, Inc. dated December 9, 2005 specifies the minimum upgrades necessary for code compliance with current standards.

17. The Commenter's opposition to the demolition of Building 025 is noted and included in the record. No response is required.



## MEMORANDUM

Date: January 19, 2007

To: Judy Malamut, LSA Associates

From: Sohrab Rashid/Kristiann Choy

**Subject: *Lowe's Store DEIR in San Jose, California – Supporting Information for Response to Comments on Parking for Project Alternatives***

SJ05-812

This memorandum presents clarification and additional supporting information to address comments on the DEIR for the proposed Lowe's retail development located at the intersection of Cottle Road and Poughkeepsie Road in San Jose, California. The information in this memorandum addresses comments regarding the parking supply for several of the project alternatives.

### Background

The parking analysis in the DEIR for the proposed project determined that the proposed supply would not meet the City code for retail uses. The analysis indicated that a parking supply ratio of 1 space per 291 square feet (sf) or 618 spaces would be provided for the Lowe's store, which is lower than the City-required ratio of 1 space/200 sf. Based on information obtained at two other Lowe's stores several years ago, we concur that the supply of 618 spaces for the proposed Lowe's store would likely be sufficient. City staff indicated that the proposed supply was acceptable, and no parking impacts were anticipated.

City staff prepared alternatives to the proposed project to show how Building 25 might be retained and re-used with a smaller than proposed Lowe's store of about 138,000 sf on the site. In the analysis of parking for Alternative (e) (with two potential site plans depicted on Figures VII-8 and VII-9), Building 25 was assumed to include approximately 69,000 sf of office uses, and a total parking supply of 561 to 582 spaces would be shared with Lowe's. For the 582-space supply, the allocation of parking was 235 spaces to the office building (per City code) and 347 spaces for Lowe's. This represents a parking ratio of 1 space/400 sf.

The City's justification for using a substantially lower ratio for Lowe's as compared to City code was the survey data from two stores in Livermore and Union City showing a Saturday parking demand at approximately 1space/500 sf. While the data was originally presented to help support the project's ratio of 1/291 versus the City requirement of 1/200, it is important to note that the data was obtained in February when overall demand can be nearly 25 percent lower than the peak demand in the summer months. In addition, the project sponsor has indicated that their success in the Bay Area market has increased substantially since the survey data was first obtained.

We believe that the parking supply under Alternative (e) would be insufficient for both uses based on published survey data. A more detailed evaluation is presented below.

### Parking Demand for Selected Alternatives

Information published in *Parking Generation* (3<sup>rd</sup> Edition) by the Institute of Transportation Engineers (ITE) and *Shared Parking* (2<sup>nd</sup> Edition) by the Urban Land Institute was used to

evaluate the parking supply proposed for two of the Lowe's project alternatives described above. Alternative (e) on Figure VII-8 in the DEIR with a 138,000 sf Lowe's store and 69,000 sf of office was used in the demand evaluation.

Data in *Parking Generation* and *Shared Parking* is presented for average and 85<sup>th</sup> percentile conditions and these values were included in this analysis. Data shows that peak demand for a home improvement superstore occurs between 11:00 am and 5:00 pm, while office uses tend to experience at 10:00 and 2:00 pm. Thus, peak parking demand would overlap during the afternoon period. The projected parking demand with Alternative (e) is shown in the table below.

<b>Estimated Parking Demand for Alternative (e) - 138,000 sf Lowe's Store and 69,000 Office Use in Building 25</b>						
Parking Rate	Friday Peak Parking Demand			Saturday Peak Parking Demand		
	Lowe's	Office	Total	Lowe's	Office	Total
Average	335	199	<b>534</b>	469	21	<b>490</b>
85 <sup>th</sup> %ile	441	237	<b>678</b>	607	25	<b>632</b>
Source: Fehr & Peers, January 2007. Parking demand estimated using Home Improvement Superstore and General Office Building rates from <i>Parking Generation</i> (3 <sup>rd</sup> Edition), Institute of Transportation Engineers (ITE). Weekend office rates obtained from <i>Shared Parking</i> (2 <sup>nd</sup> Edition), Urban Land Institute.						

As shown in the table, the peak weekday demand would be 534 spaces based on average rates only. When a 10% factor is applied to the demand to account for vehicles circulating as drivers look for available spaces, the resulting effective demand is 587 spaces, which exceeds alternative parking supply of 582 spaces. This factor is a standard rate and is likely low given that drivers will spend an excessive time traveling between the two parking areas shown on Figures VII-8 and VII-9. If the store were more popular than others (generally represented by the 85<sup>th</sup> percentile), the peak Friday demand could be as high as 678 spaces, which exceeds the alternative parking supply by nearly 100 spaces.

On Saturdays, the office would generate demand for a negligible number of spaces, leaving the majority of the supply for Lowe's customers and employees. However, the 85<sup>th</sup> percentile data shows that the demand could exceed the supply if the store were very successful.

### Conclusions

The parking supply associated with re-use of Building 25 as office and construction of a new Lowe's store will likely not serve the demand from both uses during peak weekday conditions. While the demand for the Lowe's store is not expected to occur at the City required rate of 1 space/200 sf, use of a 1 space/400 sf for Lowe's under any alternative could result in regular parking deficiencies.



January 18, 2007

Elliot Stein  
CBRE Consulting  
505 Montgomery Street, Suite 600  
San Francisco, CA 94111

RE: Historic Landmarks Commission Letter A4 and Preservation Action Council Report  
comments

Dear Elliot:

In response to various comments in the Historic Landmarks Commission Letter A4 dated  
November 16, 2006, and the Preservation Action Council's Report dated November 20, 2006,  
we submit the following:

Letter A4

- 14 The marketplace for developers of retail projects dictate that tenant spaces be flexible in size and use, and have adequate exposure, among other needs and expectations. The basic configuration of the building does not lend itself to providing visual exposure, which is customary for retail tenants. The current interior layout of Building 025 is predominately hard wall small offices, which, although it works well for an office environment, does not lend itself to the layout requirements of retail users. Current storefront and glazing system impacts for the retail user are indicated below in the response to Comment #15. The current site, in the area immediately adjacent to the building, would require significant alteration for customer access and service entries. Due to user requirements for interior flexibility, building signage, parking and loading requirements adjacent to the building, visual exposure, and building performance expectations, it remains our recommendation that a retail use would have a significant adverse impact on this resource.
- 15 Although an exemption to Title 24 energy requirements would be possible if this building were given historic status, other factors influence the need for improved energy performance. Specifically, our experience in working on projects in the retail market has shown us that market expectations would dictate the requirement for a minimum level of performance, comparable to other retail facilities. To stay competitive with the marketplace, it is our recommendation that Building 025 meet

these minimum code standards. Film and window coverings (as suggested in Letter A4), would not be ideal for a retail user, as it would impact the visual exposure to the store interior that retailers desire. The aluminum storefront system would require reconfiguration due to new tenant entries and service doors, and given the general condition of the aged system, coupled with reconfiguration requirements, and retail market expectations for visual exposure and energy performance, it remains our recommendation that the storefront system be replaced.

- 16 It was not the intention of our structural analysis to determine how previous building codes were exceeded, instead it focused on how the building compares to current code requirements. The Structural Narrative prepared by Forell/Elsessor Engineers, Inc. dated December 9, 2005 specifies the minimum upgrades necessary for code compliance with current standards.

build experience

#### PAC Report

- 44 The areas identified with hazardous material content, to the best of our knowledge, include floor tiles, ceiling tiles, HVAC supply rooms and equipment, and lead paints. In a retail re-use, the floor tile could likely remain and be covered with new flooring, but the other elements would be impacted by new construction required for a retail layout, and therefore, require abatement.
- 60 RMW has experience in working on historic projects, and is very familiar with the California Historical Building Code. Recent projects include Vintage Tower in San Jose, and the French Laundry and AME Zion Church in Palo Alto. Both of the latter projects dealt with adaptive re-use. RMW has worked on projects designated as local and State Landmarks as well as buildings listed in the National Register of Historic Places. RMW also has a vast portfolio of retail projects. We feel our experience in working on these project types provides us with the expertise to evaluate projects and make recommendations, as we provided for Building 025. Again, based on our experience, the existing interior program would need to be removed to accommodate a retail use.

Sincerely,

Steve Stenton

RMW architecture & interiors

build experience

**Roche, Jeff**

---

**From:** Renk, Jennifer [JRenk@steefel.com]  
**Sent:** Tuesday, February 20, 2007 4:02 PM  
**To:** Renk, Jennifer; Amy Paulsen; Judith Malamut; david.clore@lsa-assoc.com; Danielsen, Akoni; Joseph.Horwedel@sanjoseca.gov; Gurza, Renee; Walton, Susan; Roche, Jeff  
**Cc:** Doane, Rob - Robert P; Mark Stoner; Jim Manion; Davidoff, Judy V.  
**Subject:** RE: PAC SJ Responses

Attached is the Jack Bariteau letter referenced in the responses.

Jennifer E. Renk, Esq.  
Steefel, Levitt & Weiss  
A Professional Corporation  
One Embarcadero Center, 30th Floor  
San Francisco, California 94111  
Tel: (415) 788-0900  
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jrenk@steefel.com  
www.steefel.com

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---

**From:** Renk, Jennifer  
**Sent:** Tuesday, February 20, 2007 3:56 PM  
**To:** Amy Paulsen; Judith Malamut; david.clore@lsa-assoc.com; Danielsen, Akoni; Joseph.Horwedel@sanjoseca.gov; Gurza, Renee; 'Walton, Susan'; Roche, Jeff  
**Cc:** Doane, Rob - Robert P; 'Mark Stoner'; 'Jim Manion'; Davidoff, Judy V.  
**Subject:** PAC SJ Responses

Akoni and Judy, attached please find Lowe's responses to the PAC SJ comment letter. Please let us know if you'd like to discuss.

We will follow shortly with the Landmarks responses.

Best regards, Jennifer

Jennifer E. Renk, Esq.  
Steefel, Levitt & Weiss  
A Professional Corporation  
One Embarcadero Center, 30th Floor  
San Francisco, California 94111  
Tel: (415) 788-0900  
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2/20/2007

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jrenk@steefel.com  
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2/20/2007

# KEENAN ■ BARITEAU

JAN 19 2007

January 16, 2007

Mark Stoner  
Senior Real Estate Manager  
Lowe's Home Improvement Centers  
1530 Faraday Avenue, Suite 140  
Carlsbad, CA 92008

Re: Christopher Ranch Marketplace Shopping Center  
Cottle Road, San Jose

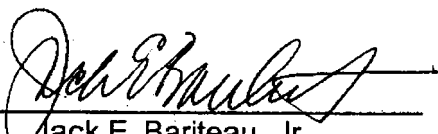
Dear Mark:

Jim Randolph of Cornish & Carey Commercial called again last week to inquire as to the possibility of Lowe's being accommodated into our development on the former IBM campus on Cottle Road. As you are aware, we have been in the planning process for the last several months for our new shopping center adjacent to the site Lowe's has under contract for purchase with IBM. Our planning program at this time includes Target as our major anchor tenant and we therefore have no physical room within our development as master planned for a Lowe's Home Improvement Center.

We believe that a Lowe's in the immediate vicinity of our new project should be allowed to proceed and I trust that the City of San Jose will finally grant Lowe's and IBM the approvals to do so. Please let me know if you have any further questions at your earliest convenience.

Sincerely,

CHRISTOPHER RANCH MARKETPLACE, LLC

By   
Jack E. Bariteau, Jr.  
Managing Member

JEB/sd

cc: Jim Randolph - Cornish & Carey  
Mark O. Sweeney - CM Realty

**Roche, Jeff**

---

**From:** Renk, Jennifer [JRenk@steefel.com]  
**Sent:** Tuesday, February 20, 2007 3:56 PM  
**To:** Amy Paulsen; Judith Malamut; david.clore@isa-assoc.com; Daniels, Akoni; Joseph.Horwedel@sanjoseca.gov; Gurza, Renee; Walton, Susan; Roche, Jeff  
**Cc:** Doane, Rob - Robert P; Mark Stoner; Jim Manion; Davidoff, Judy V.  
**Subject:** PAC SJ Responses

Akoni and Judy, attached please find Lowe's responses to the PAC SJ comment letter. Please let us know if you'd like to discuss.

We will follow shortly with the Landmarks responses.

Best regards, Jennifer

Jennifer E. Renk, Esq.  
Steefel, Levitt & Weiss  
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One Embarcadero Center, 30th Floor  
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jrenk@steefel.com  
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2/20/2007

**MEMORANDUM**

**TO:** Akoni Danielson 17710

**CC:** David Clore  
Judy Malamut  
Jim Manion  
Mark Stoner

**FROM:** Judy Davidoff  
Jennifer E. Renk

**DATE:** February 20, 2007

**RE:** Responses to PAC SJ Comment Letter

---

The following sets forth Lowe's responses to the Preservation Action Council of San Jose's November 20, 2006 correspondence. The responses are calibrated with LSA's enumerated letter for the Responses to Comments document.

1. Contrary to Commenter's remark, the DEIR states that the square footages for the Lowe's store and Phase 2 retail have been decreased in size due to the site's constraints. (DEIR, p. 34.)

1.1 The proposed new Lowe's store provides for additional square footage for purposes of analyzing environmental impacts from a worst-case scenario perspective, as stated in footnote 3 on page 37 of the DEIR. The new project is "less intensive" than the 2003 proposal because it contemplates development of 204,600 square feet, instead of the 220,000 proposed in 2003. This reflects a decrease of 15,600 square feet and is, therefore, "less intensive." (See DEIR, p. 37.)

2. Refer to response 1.1. The DEIR accurately states that the new Lowe's site plan reflects a less intensive project than that analyzed in 2003. (DEIR, p. 37.) The statement is accurate because the overall square footage of the project—i.e. the Lowe's store and the Phase 2 retail—has decreased.

3. The two Home Depot stores within six miles of the proposed Lowe's are located at 635 West Capitol Expressway and 920 Blossom Hill Road. The West Capitol Expressway store is roughly 130,000 square feet, Home Depot's prototypical size. The Blossom Hill store is roughly 90,000 square feet, a smaller than usual store because it occupied an existing building footprint. The Home Depot on West Capitol Expressway has been open for roughly 5 years, while the store on Blossom Hill has been open for close to 20 years. Lowe's understands that 2 more Home Depots have been approved in San Jose with single-story, full size footprints and at-grade parking.



4. Refer to Response 1.1. This comment does not raise any specific environmental issue. Therefore, no response is necessary.
5. The 10-K Annual Report cited in Appendix E-3 dates back to 2005. At that time, Lowe's relied on its 94K and 116K prototypes for its expansion strategy. The Report, however, does not stand for the proposition that Lowe's will not ever re-evaluate its expansion strategy and modify its prototypical stores. That said, the conceptual site plan in the EIR allows for the Lead Agency to analyze the Lowe's store's environmental impacts from a worst case scenario. The actual footprint of the store reflects the Larger Lowe's Prototype. Consequently, Lowe's need not "justify" the building of a larger store within the confines of the EIR because the actual square footage of the building most likely will be less than that reflected in the conceptual site plan in the DEIR.
6. The demolition of Building 025 is necessary in order for the City and the applicant to achieve the project's objectives. The City Council enjoys the discretion to make findings in support of overriding considerations in keeping with the mandates of CEQA.
7. The Commenter poses questions about the sizing of the Lowe's store. This comment does not bring up any specific environmental issues; therefore, no response is necessary.
8. The square footage for the sales area is approximately 118,560 and the area for the receiving/storage area is roughly 13,544 square feet.
9. Commenter states an opinion about Phase 2 retail that does not require a response. However, it should be noted that the Phase 2 retail pads do not fit into any of the project alternative site plans because of the site's size constraints. The Phase 2 retail is an important component of the Lowe's proposal that would not be rendered "unnecessary" with the retention of Building 025.
10. Comment noted. This comment does not raise any specific environmental issues and does not require a response.
11. Comment noted. This comment does not raise any specific environmental issues and does not require a response.
12. LSA to explain.
13. According to Amy Herman at CBRE, the primary market area identified for the Lowe's store conservatively corresponds with a two-mile ring around the store location. This market area definition assumes that shoppers would be indifferent between shopping at Home Depot or at Lowe's, and would shop at the store closest to their home. This is conservative in that shoppers do discriminate between the two retailers, often with a preference for one or the other, especially when they engage in comparison shopping. However, for more convenience-oriented purchases, shoppers will prefer the store closest to their home and most accessible. Analysis of the two-mile

ring demonstrates that if the store only served this population, it would be more than sufficiently supported. Any demand attracted from beyond this area would enhance the success of the store. The population base within this two-mile ring was estimated to total 80,684 in 2005, projected to increase to 83,242 in 2010.

14. This comment requests information (development costs and sales figures for multi-level Home Depot stores) which is proprietary to Home Depot and is not available to the City or to the Lowe's development team.

15. CBRE Consulting believes that there is no contradiction in the DEIR with respect to references to the market area's population, the size of the proposed South San Jose store, and the viability of a multi-level Lowe's store. Regarding the size of the proposed store vis-à-vis the 2003 project, please refer to Response 1. The DEIR found that while there is sufficient demand to support the proposed Lowe's store, the high cost and operational inefficiencies associated with developing and operating a multi-level store could not be justified for the Cottle Road site. Primary reasons include:

- Higher construction costs can only be justified in densely developed areas where higher than normal sales per square foot can be expected. That is not the case in San Jose where competitors are able to build and operate stores in a traditional single-story configuration at a lower cost compared to a multi-story building. It is noteworthy that all of the examples cited in the DEIR of multi-level stores developed by Home Depot are located in much higher-density locations than South San Jose (i.e. Manhattan, Chicago and Brooklyn).
- Lowe's reports that it has never built a 2-story store and that it has no plans to do so because such a format is not compatible with its business model as described in detail in the EIR. (DEIR, Appendix E-3, p. 20.)

16. Again, the Commenter incorrectly assumes that the conceptual site plan in the DEIR reflects the absolute size of the store when, rather, the worst case scenario was included for purposes of the environmental analysis. The size of the Lowe's store is well-suited for the South San Jose market, as discussed in Appendix E-3 of the DEIR.

17. As discussed in both the DEIR (p. 244-245) and Appendix E-3 (p. 19), the Lowe's business model contains two primary prototypical stores, the 94K and the 116K. Lowe's has curtailed the development of a mid-size prototype, the 102K, because of their competitive problems in the marketplace. Consequently, the DEIR concludes that the 116K prototype is the appropriate size for the South San Jose market.

18. As noted in Response-17, Lowe's no longer pursues the development of the 102K stores because they have failed to adequately compete in their market areas. This prototype, however,

still would be inappropriate for South San Jose because it is not a high density “metropolitan area” but rather a suburban market with competitors that are surface parked.

19. The existence of Home Depot stores in the market area requires that Lowe’s, who is new to the San Jose market unlike Home Depot, be extremely competitive in the marketplace by providing a full range of merchandise since the home improvement market is so saturated.

20. Refer to Response-1 and Response-15. Lowe’s anticipates that the store will generate enough sales volume in the South San Jose market to support a Larger Lowe’s Prototype. Again, as noted above, the high costs associated with a multi-level store (which Lowe’s has never built) would be justifiable only in very densely urban markets where higher than normal sales per square foot can be expected.

21. It is unclear from this comment what, if any, specific environmental issue is raised. Consequently, no response is required pursuant to CEQA.

22. Generally, Lowe’s has garden centers for its Larger Lowe’s Prototype that range from roughly 30,000 square feet to 33,000 square feet. The Commenter’s request for a list of all such Lowe’s stores does not raise any specific environmental issues associated with the IBM site, so no response is required.

23. Comment noted. Commenter provides a matrix of the DEIR’s Historic Resources Mitigation Alternatives. No response is required.

24. Yes. A text revision will correct the order in the text.

25. LSA to provide the parking allocation for each alternative.

26. LSA

27. Refer to Fehr & Peers 1/19/07 memorandum.

28. Refer to Fehr & Peers 1/19/07 memorandum.

29. The alternatives for the DEIR are conceptual in nature and, because none represent a store that Lowe’s has ever attempted to build, the majority of site plans do not delineate the sales floor area or support space. Commenter fails to state how this request relates to any specific environmental issue; therefore, no response is required for purposes of CEQA.

30. The square footage shown on the plan is an approximation and the “Two-Story 170,000 Square Foot Lowe’s with Parking Structure Alternative” is a title with a rounded square footage.

31. The data in Appendix E-3 of the DEIR supports the contention that the construction costs would be double the cost of the Lowe’s store as proposed because of all of the additional costs

associated with the extra time required to deal with design and the entitlement and construction processes. (DEIR, Appendix E-3, p. 22.)

32. The Larger Lowe's Prototype, or 116K, is used as the point of comparison.

33. Refer to Response 31. Costs associated with the design, construction, entitlement process and operation of multi-story stores far exceed the costs of construction of a standard Lowe's 116K prototype in a suburban market. (DEIR, Appendix E-3, p. 22.)

34. The Nolte letter dated November 10, 2006 indicates that the cost of constructing a parking structure would be about \$60 per square foot versus the surface parking cost of \$15-\$18 per square foot. This equates to a cost increase of roughly four times that of the surface parking option.

35. The DEIR does indeed contain supporting evidence that the 2-story 170,000 square foot alternative would fail to provide for a large, open retail sales area. The DEIR and Appendix E3 discuss at length the logistical difficulties that a two-story store would present because such a configuration would be unable to achieve the simple, rectangular shape that allows for efficient circulation, as well as the merchandising and displaying of goods. (DEIR, p. 259 and Appendix E-3, p. 21-23.)

36. Refer to Fehr and Peers 1/19/07 memorandum.

37. The distinction between Lowe's customers who shop for big-ticket items versus those who shop for basics is not contradictory as Commenter suggests. The DEIR correctly addresses the logistical difficulties associated with a two-story or I-shaped Lowe's store, indeed Judge Nichols concurred with this analysis. The Commenter confuses the point about the customer base percentage that seeks basics. The percentage of sales generated from the customer base is discussed in the context of access to the store. That is, customers will seek out more convenient stores if access is an issue especially when the market is glutted with other home improvement stores. This market reality does not, however, diminish the fact that many customers do seek big ticket or awkward items such as lumber, appliances, bricks, BBQs, lawnmowers, patio furniture, flooring, etc., which make the logistical difficulties of a two-story or L-shaped store yet another reason for customers to choose more convenient and safer alternatives. In other words, the two scenarios are not mutually exclusive but rather underscore the importance of access and convenience from a competitive standpoint.

38. The DEIR shows that Lowe's merchandising is based upon a proven model that is replicated from store to store. Consequently, Commenter's presumption that Lowe's simply would place bulky items and lumber on the first level ignores the fact that the customers will still have to navigate the store and parking field with much inconvenience and difficulty. Moreover, the inconveniences not normally present in a single-story format would exist no matter where the "bulky" items were to be placed.

39. Commenter again ignores the inconvenience discussed in the DEIR. The difficulty of transporting of large, bulky materials is but one consequence of a two-story store. The DEIR discusses the staff, customer, and vendor inconvenience associated with navigating carts in elevators or escalators, no matter what kind of goods are being transported. Therefore, the simple suggestion that smaller items be placed upstairs does not eliminate the difficulties and inefficiencies for shoppers used to the merchandising that accompanies the single-story format.

40. Yes. The DEIR and Lowe's have consistently pointed out that the 94K prototype does not provide the full assortment of merchandise offered in the Larger Scale Lowe's.

41. Commenter suggests that the San Jose suburban market should make a 138,000 square foot store profitable "albeit with a high-priced, fast-paced merchandise turn-over rate." Commenter misunderstands the differences in the Lowe's prototypes as discussed in the DEIR and Appendix E-3. The 94K does not carry the same merchandise assortment or provide for the same merchandise storage and display as the larger 116K store that Lowe's develops for larger primary markets, such as South San Jose. The inability to fully stock all merchandise expected for a Lowe's store devalues the customer experience because of the expectation that items seen in advertisements or other large Lowe's store will be stocked in a smaller store. Once this expectation is damaged, customers will seek out competitors who do stock certain items not carried at this smaller Lowe's. This competitive disadvantage cannot be overcome by "turn-over" as Commenter suggests.

42. Refer to Response 1.1. This comment does not raise any specific environmental issue. Therefore, no response is necessary.

43. Commenter is directed to Figures VII-8 and VII-9. These alternatives evaluate a smaller Lowe's store without any direct impact to Building 025.

44. Text will be modified to include reference to Phase 2 retail.

45. The DEIR's consideration of other land uses provided for under the current zoning and General Plan designations is appropriate, especially in light of the broad array of allowable uses such as retail, office, light industrial, and quasi-public.

46. Commenter requests that the EIR be revised to include an evaluation of possible medical office uses in Building 025. The DEIR and Appendix E-3 evaluate the feasibility of office uses for Building 025, as well as the feasibility of using Building 025 for office condominium purposes (DEIR p. 246, 248 and Appendix E-3 p. 9-17.) The DEIR concludes that the costs associated with the necessary renovations of Building 025 would make conversion to office uses financially impracticable. This conclusion extends to the concept of "medical office" because the same costs associated with the building's rehabilitation apply. Consequently, the DEIR adequately evaluates the feasibility of all office uses for Building 025.

47. Lowe's has confirmed that it has stores with rooftop parking in Metairie, LA and Framingham, MA, whose footprints do not deviate from the larger Lowe's prototype size.

Lowe's also has identified a larger Lowe's prototype store in Woburn, MA that has split level parking structures in the front parking area. A store is in the development stages in Charlotte, N.C. that will have rooftop parking, as well. These are 4 examples of deviations from Lowe's prototypical parking field out of roughly 1,300 Lowe's stores. It is important to note that these stores do not deviate from the typical 116k size and rectangular, one-story layout, nor are they L-shaped or built behind another building such as Building 025.

48. This comment does not raise any specific environmental issue. Therefore, no response is necessary.

49. Commenter poses a question relative to cubicles in Building 025. This comment does not raise any specific environmental issue. Therefore, no response is necessary.

50. The CBRE report concludes that the reuse of Building 025 for retail would make the recruiting of tenants to the building difficult because its layout and impaired access and visibility deviate from the "typical, efficient configuration of a 'strip center.'" (DEIR p. 247.) This comparison is based on typical tenant expectations for retail uses in a suburban market and is neither outdated nor unnecessarily limiting as Commenter suggests.

51. The DEIR does not conclusorily reject the possibility of a school or community group using Building 025 as Commenter suggests. Rather, the 2003 EIR, which is incorporated by reference into the DEIR, confirmed that the Oak Grove School District has no need for or interest in additional school sites. It also confirmed that the San Jose Department of Parks, Recreation, and Neighborhood Services indicated that it would be unable to acquire some or all of the site for park or community center use due to tight budget constraints. Consequently, the DEIR does not "reject" these alternatives, but instead appropriately references contacts made with officials who confirmed that the City and school district would not be interested in purchasing Building 025.

52. The City agrees with the Hardy report's opinion (Appendix E-2) that the removal of any portion of Building 025 would result in a direct impact to the historic resource rendering it possibly ineligible for listing on the State and National Registers. (DEIR, p. 252.) The City agrees with this professional opinion and, as such, determined that any configuration that involves a partial removal of Building 025 would not avoid the significant impacts to the historic resource and warrants no further consideration under CEQA.

53. Commenter is directed to the letter sent from Jack Bariteau to Lowe's dated January 16, 2007, which states that the Christopher Ranch Marketplace Shopping Center in the Hitachi development has "no physical room within [its] development as master planned for a Lowe's Home Improvement Center."

54. Refer to Response 53. Moreover, the Target and supermarket contemplated for the Hitachi site are major anchor tenants that complement the thoughtfully designed master plan that simply cannot be "placed on the IBM site instead."

55. The DEIR assumes that the proposed 17-acre project would be developed on a portion of the iStar site and correctly subtracts 57 acres from the analysis. (DEIR, p. 278.)

56. Commenter misinterprets the DEIR's analysis. The DEIR states that the development of the entire iStar site as approved would result in the removal of thousands of trees. The DEIR, therefore, assumes that, if 17 acres of the iStar site were developed for a Lowe's store, some ordinance-size trees would likely need to be removed, similar to the impacts on the IBM site. This assumption does not over-inflate the potential development impacts.

57. The viability of the iStar site for a Lowe's store was evaluated by the Lowe's Real Estate Committee, which determined that the access is inferior to that of the IBM site. (DEIR, p. 279.)

58. The Hitachi development plan contemplates improvements timed to coincide with certain phases of the overall development. Consequently, the exact timing of the Great Oaks and Via Del Oro improvements is unclear, which contributes to the site's lack of viability for Lowe's. (DEIR, p. 279-280.) Moreover, Lowe's finds that the access will not be adequate for a home improvement retailer in the South San Jose market.

59. This question does not raise any specific environmental issue under CEQA. Therefore, no response is necessary. However, as to the "negative" of a new public street system, Commenter is directed to Response 58. Moreover, the Endicott improvement alluded to by the Commenter will come on line with phase 2 of Hitachi's plan. This timing is uncertain as well.

60. The reference to Lowe's anticipated customer base is but one reason why the site is infeasible for Lowe's. Commenter incorrectly assumes that this point alone supports a finding of infeasibility for the iStar site when, in fact, the City will have to look at the substantial evidence in the totality of the record to make such a finding.

61. The iStar site does not meet the Lowe's project objective relative to "good local access." (DEIR, p. 279-280.)

62. The City Council enjoys the discretion to find alternative sites feasible if such a determination can be supported by substantial evidence.

63. This question does not raise any specific environmental issue. Therefore, no response is necessary.

64. Has a recent inquiry been made on this?

65. Because Lowe's cannot acquire, control or otherwise have access to the Reinhardt site, the CEQA inquiry ends there.

66. LSA opinion here?

67. The DEIR explains that the hazardous materials would have to be removed if the building is demolished or rehabilitated. (DEIR, p. 246.) Even assuming that certain materials could be "encapsulated," thereby triggering some cost savings, the DEIR appropriately analyzes the additional costs associated with rehabilitating Building 025. Consequently, the additional analysis relative to "encapsulation" is unnecessary.

68. According to Amy Herman at CBRE, based upon the sales data available from the State of California Board of Equalization, it is not possible to know all the other cities that benefit from San Jose's leakage. Most likely this includes all the heavily-retailed cities bordering San Jose and beyond, as shoppers will travel to the shopping nodes nearest their homes. Accordingly, the retail sales leaving San Jose generated by residents living near the proposed Lowe's site are accruing to the benefit of many Bay Area cities, most notably those closest to South San Jose, such as Gilroy and Milpitas. Because of this dispersion, it is highly unlikely that any one city is going to incur a sufficient amount of diverted sales related to the projected Lowe's sales to cause an existing home improvement retailer to close. Further, the retailer most likely to lose the greatest amount of sales is Lowe's itself, as shoppers seeking to shop at Lowe's will redirect their sales from the next nearest Lowe's to the new San Jose Lowe's. This especially pertains to larger, comparison shopping goods. In this manner, Lowe's sales at existing stores will decline, but not sharply enough to trigger store closure. Moreover, Lowe's is seeking to open the San Jose store to better serve its market. Therefore, any consequent drop in other area store sales would be expected and not perceived by Lowe's to be detrimental.

69. The urban decay analysis conducted by CBRE Consulting did examine impacts on smaller retailers in the vicinity of the Lowe's development site, especially within the two-mile ring primary market area. Stores within a larger South San Jose area were also identified, although the analysis indicated the area is sparsely populated by smaller retailers. The demand in the two-mile primary market area was deemed sufficient to support existing home improvement stores as well as the proposed Lowe's. The market is already accustomed to the presence of big box home improvement retailers given the high rate of saturation in the area achieved by Home Depot, of which many stores are proximate to the two-mile ring. Therefore, it is highly unlikely that the addition of yet one more big box home improvement retailer will be the incremental change that would hurt existing small retailers sufficiently enough to cause their business operation to close. However, assuming they are well-located relative to retailer site location criteria, any such store closures could be readily retenanted, given the high level of sales leakage experienced by San Jose, coupled with strong residential growth, fueling demand for yet more retail.

70. The DEIR is not so much making the statement that the market is saturated as it is identifying that there are other shopping opportunities available to serve the identified Lowe's market if the store is not located at the proposed site. Shoppers seeking convenience-oriented goods will naturally shop at the most convenient, accessible location. In that manner, a relocation of the Lowe's store one mile south of its proposed location, at the iStar site, would remove the store sufficiently from its intended market to no longer be the closest home improvement shopping option, thus diluting prospective demand for the store.



71. The DEIR finds that the project would result in a significant and unavoidable impact to the existing visual character of the site and would damage scenic resources.

72. According to CBRE, customers who will shop at the Lowe's store will divert their sales from other Lowe's stores as well as other stores throughout the immediate area, and possibly other locations in San Jose and surrounding cities. Where sales are diverted from will depend upon the type of merchandise involved. Given the wide range of merchandise available at Lowe's, and the corresponding wide range of stores selling comparable goods, the level of sales achieved at Lowe's to the detriment of existing stores is unlikely to be sufficient to do harm to the existing stores, and would be unlikely to trigger store closure. In fact, Lowe's conducts an internal audit when considering store openings to determine that it will not negatively affect other neighboring Lowe's stores. Moreover, other stores that do close, if any, could be readily retenanted, given the high level of sales leakage experienced by San Jose, coupled with strong residential growth, fueling demand for yet more retail. Growth in demand generated by residential growth will help mitigate any lost store sales and would also generate strong demand for the Lowe's store. However, no existing store closures are anticipated due to the operations of the Lowe's store.

Commenter is also directed to Response 68.

73. Visibility is but one of several criteria that retailers use to assess the viability of potential sites. Lowe's determined that the iStar site is not viable for its particular use based upon a number of factors, including visibility, access, and location.

74. According to Amy Herman at CBRE, while customers will travel a large distance for costly comparison shopping goods, such as appliances, cabinets, and bulk lumber, others needing smaller items will be unwilling to drive long distances for smaller, more convenience-oriented home improvement items. Given their relative value, the noted leakage is most likely for these cited comparison shopping goods. It is the more convenience-oriented shoppers that Lowe's seeks to ensure they can serve by situating the store in a central location. Shoppers for the comparison shopping goods are likely to originate from a greater distance and be more indifferent to the precise store location, although accessibility is always key, as is location relative to other competitive stores, including other Lowe's store locations.

75. As noted on pages 12 and 156 of the DEIR, Lowe's will retain a qualified conservator to rehabilitate and relocate Gurdon Woods' sculpture to "an appropriate comparable setting." This setting will be determined upon the retention of such an expert.

76. The City enjoys the discretion to approve the Lowe's project regardless of the General Plan's policies if overriding considerations are supported by substantial evidence in the record.

77. The DEIR does not suggest that the Lowe's store be deemed "more important" than preserving Building 025. The DEIR provides analysis so that the City Council can make an informed decision as to the project.

78. Refer to Response 77.

79. Lowe's projects that the project will provide 100 construction jobs and will employ roughly 175 people. Commenter refers to EIR's assertion relative to Lowe's provision of jobs in proportion to the area required for its project. The DEIR does not make this assertion (nor does Lowe's.). The DEIR does state that the proposed project would provide new commercial development and contribute to the improvement of the City's jobs and housing balance. (DEIR, p. 51.)

80. The project will provide up to 175 jobs. Given that the site is underutilized and vacant, this revitalization constitutes an "employee intensive use" located near transit facilities in keeping with the City's Commercial Land Use Policies.

The Lowe's commercial development will further the City's commercial goals by locating in close proximity to employment centers, residential neighborhoods and transit. This proximity will encourage transportation alternatives for customers and employees alike.

81. Public transit is not "out of the question" for every Lowe's customer, nor is it "out of the question" for employees and customers of the Phase 2 retail uses. Such use of public transit is not insignificant as Commenter suggests.

82. The Project Impacts on Transit section of the DEIR explains that most of the project's transit riders will be employees and customers of Phase 2 retail, but it does not preclude the use of transit by Lowe's customers. The DEIR's finding that the project will not have a significant impact on transit does not imply that the use of public transit will be insignificant, as Commenter suggests. The DEIR merely concludes that the City's transit routes located near the Lowe's project have enough capacity to absorb users from the site.

83. The DEIR states that the "City's standard mitigation measures for reporting and evaluating cultural resources" will be followed in the event resources are found during the project's construction.

LSA—want to add a cite to the City's standards or provide in RTC?

84. CBRE hired the well-regarded architecture and design firm, RMW, to evaluate Building 025 from an architectural perspective. RMW has experience in working on historic projects, and is very familiar with the California Historical Building Code. Recent projects include Vintage Tower in San Jose, and the French Laundry and AME Zion Church in Palo Alto. Both of the latter projects dealt with adaptive re-use. RMW has worked on projects designated as local and State Landmarks as well as buildings listed in the National Register of Historic Places. RMW also has a vast portfolio of retail projects. It is RMW's professional opinion that the existing interior program of Building 025 would need to be removed to accommodate a reuse. (See DEIR, Appendix E-3, Appendix B.)





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November 13, 2006

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**VIA ELECTRONIC MAIL**

Darren McBain  
Department of Planning, Building, and Code Enforcement  
City of San Jose  
200 E. Santa Clara Street, 3rd Floor  
San Jose, CA 95113

**Re: Comments on San Jose Lowe's Store Draft Environmental Impact Report**

Dear Mr. McBain:

On behalf of Lowe's HIW, Inc., we submit the following comments on the San Jose Lowe's Store Draft Environmental Impact Report ("DEIR"). While we find the DEIR to be well written, we do, however, believe that the Final Environmental Impact Report ("EIR") should expand and clarify the DEIR's conclusions relative to the alternatives analysis, based upon the facts provided below.

It should be noted first that the DEIR includes extensive evaluation and analysis by well-known, independent experts and their subconsultants. The DEIR has been prepared by LSA Associates, Inc., a reputable environmental consulting firm. Relative to the Alternatives Section, for example, the DEIR includes an Historic Alternative Report by CB Richard Ellis Consulting/Sedway Group ("CBRE Report") that assesses the market and financial feasibility of rehabilitating Building 025 for retail use and that assesses the viability of developing a reduced-scale Lowe's store in order to accommodate the preservation of Building 025. As the lead consultant overseeing the exercise, CBRE assembled a team of subconsultants who lent their respective expertise to CBRE's evaluation. CBRE combines the expertise of Sedway Group, a full-service real estate and urban economics consulting firm, with the corporate-services expertise of CB Richard Ellis. CBRE hired RMW Architecture and Interiors ("RMW"), as architects and interiors designers, to undertake the code, functional and architectural evaluation of Building 025 with the assistance of Forell/Elsesser Engineers, Inc. a structural engineering firm with a national reputation in seismic design and renovation of historic structures. CBRE also hired Toeniskoetter and Breeding, Inc. ("TBI"), a recognized leader in the renovation and rehabilitation of historic structures in the San Jose area, to evaluate the Building 025 reuse alternative and to develop a conceptual construction estimate.

This kind of teamwork underscores the expertise and the extraordinary amount of time that went into the analysis set forth in the DEIR by LSA Associates, Inc. We ask, however, that the EIR address certain facts that are set forth below and clarify certain conclusions based on these facts.

I. **Summary of Comments**

The Alternatives Section of the DEIR analyzes 11 alternatives, including 7 alternative uses for Building 025. This comprehensive analysis constitutes a "range of reasonable alternatives" pursuant to CEQA Guidelines Section 15126(d). However, none of these alternatives can be found to be feasible when considering factors such as the adaptive reuse of Building 025, site layout, and the economic viability of a smaller Lowe's prototype in the San Jose market.

First, as noted above, the feasibility of reusing Building 025 for retail and land uses for any site configuration other than a Lowe's store was evaluated independently by a team of experts. The resulting report is attached to the DEIR as Appendix E-3. This report concludes that extensive alterations to Building 025's interior and exterior, as well as to its grounds, would be necessary in order to make it suitable for reuse as retail. The report's conclusion is equally applicable to the modifications necessary for any other reuse of the building, such as office or R&D. The EIR, therefore, should expand its discussion to better incorporate the CBRE analysis, which supports the notion that the reuse of Building 025 will require significant financial resources, whether retail or office, that the San Jose market currently cannot support. That is, the EIR should acknowledge the reality that, even if Lowe's were to share the site with Building 025, it likely would continue to lie fallow and deteriorate further because of the prohibitive costs associated with its reuse, whether office or retail.

Second, the EIR's analysis of the Project Design Alternatives should be amplified to address the numerous site planning and operational challenges relative to the Lowe's configuration, parking adequacy, truck access, vehicle circulation, and emergency vehicle access. Independent peer reviews of the DEIR's analysis show that these challenges result in pedestrian/vehicular safety hazards, customer confusion and inconvenience, truck and vehicle conflicts, as well as potentially substandard emergency vehicle access.

Third, the EIR's analysis of the Project Design Alternatives should be expanded to better reflect the CBRE Report's conclusions that a smaller Lowe's prototype on the proposed site is not economically or operationally viable in the suburban South San Jose market. This viability is impacted by both the high cost of development associated with non-prototypical designs, as well as the competitive disadvantage that results from Lowe's deviation from its proven business model, which demands a certain array of merchandise that would be compromised in a smaller prototype store.

Lastly, the EIR's discussion of the iStar alternative site should be expanded to

better reflect its access and visibility deficiencies. Unlike the Lowe's site, the iStar site has no direct access from a major arterial and would require customers to meander through an R&D campus as well as a residential neighborhood before reaching the site. Moreover, the site has confusing visibility for customers because of this inferior access.

## II. Reuse of Building 025

The DEIR considers the feasibility of reusing Building 025, and it cites overwhelming evidence that can lead to only one conclusion: whether functionally or financially, Building 025 is not viable for any new use. For instance, not only does the CBRE Report find that there would be little to no market support for the reuse of Building 025 because of the difficulty attracting tenants to such an unsuitable space, but the costs associated with the rehabilitation of Building 025 would be financially infeasible for a developer to pursue. (DEIR, Appendix E-3, p. 17.)

However, in the Alternatives Section, when contemplating whether a Lowe's Store and Building 025 can fit and function on the project site, the DEIR assumes that Building 025 can be retrofitted for office and/or research and development ("R&D"). It states, "... Building 025 is envisioned to be reused for office/R&D, notwithstanding the previous discussion regarding costs and other physical challenges associated with its reuse." (DEIR, p. 255.) The EIR should modify this assumption to address the question as to whether there is any reasonable expectation of Building 025's reuse even if Lowe's could fit on the site. In other words, the EIR should better clarify the difficulties associated with the reuse of Building 025 in the context of the alternatives analysis so that the public and decision-makers are appropriately informed as to the considerable challenges associated with just such a proposition.

The DEIR considers several possible uses for Building 025: (1) light industrial; (2) retail, (3) reuse as a Lowe's Store; (4) office/R&D; (5) office condominium; (6) school/community college; and (7) parks/community center. As discussed below, the challenges associated with the reuse of Building 025 apply equally to all of these options and the EIR should so state.

### A. **Light Industrial**

The DEIR correctly discusses the reasons why experts have found that Building 025 could not accommodate light industrial use. The building is ill-suited for light industrial, because it has low ceilings, low floor loading capacity, inadequate power and HVAC (heating, ventilation, and air conditioning) systems, and no loading docks. (DEIR, p. 246.) The EIR should state that light industrial is not a viable use for Building 025 given the analysis and conclusions by the expert consultants and IBM representatives, the owner of Building 025.

**B. Retail**

The expert consultants undertook a retail feasibility analysis for Building 025. (DEIR, p. 246-248.) The CBRE Report explains that retail reuse is not feasible for Building 025 both because the building configuration is unsuitable and the modifications necessary for retail reuse would not be economically viable. (DEIR, Appendix E-3, p. 9 and 11-15.)

**1. Building Suitability**

As noted in the CBRE Report, CBRE Consulting asked three CB Richard Ellis retail brokerage specialists with experience in the San Jose retail market in particular to evaluate the potential reuse of Building 025 for retail purposes. (DEIR, Appendix E-3, p. 9.) The CBRE Report further relied on retail development research reports by the Urban Land Institute. (Id.) The CBRE Report concludes that, based upon input from these expert resources as well as CBRE Consulting's own retail expertise, Building 025's multiple H-shaped floor is not feasible for retail use. (Id.) For example, the building's unusual shape (five long, narrow wings connected by a long, narrow spine) would create poor retail frontages, i.e., poor visibility, and poor customer circulation. (Id.) Also, the building would require landscape removal, installation of loading areas and walkways, and extensive renovations to the exterior walls, including the addition of store entrances and signage, which would damage the building's historic character. (Id.)

Moreover, the EIR should be expanded to be more consistent with the independent consultant's reports by including the CBRE Report's finding that the reuse of Building 025 for retail would result in a significant deviation from the efficient configuration of the typical strip center as defined in the Urban Land Institute publication entitled "Shopping Center Development Handbook 2004." (DEIR, Appendix E-3, p. 9.) This publication states that a strip center is typically a linear building running parallel to the access street with store fronts that face out toward at-grade parking and service entrances provided at the rear. (Id.) Because Building 025's unusual configuration would fail to provide these most basic efficiencies, the EIR's retail reuse analysis should be expanded to better include the full breadth of the CBRE Report's expert analysis in the interest of full informational disclosure.

**2. Economic Viability**

The EIR should clarify its discussion with respect to Building 025's required building renovations to be more consistent with the expert consultant reports. For example, the DEIR does not specifically refer to the RMW Building Re-Use Evaluation report that is attached to the CBRE Report as Appendix B. As summarized in the CBRE Report, RMW found that required renovations to Building 025 would include a complete gut and rehabilitation in the interior; compliance with handicap and Title 24 energy standards; seismic upgrades; and additional interior and exterior improvements to suit individual retail tenants. (DEIR, Appendix E-3, p. 10, 12-13.)

Given the substantial nature of the rehabilitation, the EIR should make clear that the total cost of development would be \$18.0 to \$18.3 million and, to cover those significant costs, the retail rents would have to be nearly double the prevailing market rents for retail in San Jose. (DEIR, Appendix E-3, p. 14-15.)

### 3. Historic Preservation Tax Incentives

The CBRE Report also found that the federal Historic Preservation Tax Incentives would reduce retrofit costs only marginally. (DEIR, Appendix E-3, p. 16-17.) This point should be reinforced in the EIR.

The EIR also should note that, if the State Historic Building Code ("SBHC") applies, some additional savings could result, but the cost savings would not be significant. For instance, the Thomas Hardy Report (in Appendix E-2 of the DEIR) indicates that the SBHC exempts historic structures from meeting current energy conservation requirements, but it also emphasizes that the SBHC "does not relax or remove requirements of other relevant codes, but is designed to offer some latitude and flexibility in the means of meeting and achieving other code requirements." (DEIR, Appendix E-2, p. 8.) Thus, code compliance, even under the auspices of the SBHC, would still be a very expensive undertaking and should be so acknowledged in the EIR.

Accordingly, the EIR should clarify that any cost savings resulting from use of the SBHC would be too small to reduce the retrofit costs enough to make the reuse of Building 025 for retail or office/R&D economically viable.

### C. **Reuse as a Lowe's Store**

The DEIR correctly concludes that Building 025 cannot be reused as a Lowe's Store, because Lowe's requires a completely different type of building. As noted in the DEIR, Lowe's business model requires a simple rectangular building of 138,000 or 170,000 square feet with a large open floor space, 22-foot ceilings, and a heavy concrete slab floor that allow for the stacking, display, and storage of the large, heavy, bulky items that Lowe's sells. (DEIR, p. 250-251.) In contrast, Building 025 has a non-rectangular configuration of multiple wings along a narrow spine, 10-foot ceilings, 69,000 square feet, and a floor spanning a mechanical basement that was designed for much lighter loads. (Id.)

### D. **Office/R&D**

The DEIR considers the feasibility of office/R&D use for Building 025 and recognizes that, in order to accommodate modern office/R&D, the interior of Building 025 would require extensive remodeling. (DEIR, p. 246.) However, the EIR analysis should be modified to further explain the extent of the necessary renovations. What would be required is not mere "remodeling," but a complete gut and rehabilitation of the building's whole interior,



including removal of hazardous materials; code compliance; and seismic upgrades. (DEIR, Appendix E-3, p. 9-13.) Such a conclusion is supported by the statements in the DEIR that the rents necessary to cover the costs of rehabilitation would be as high as those for a new office building. (DEIR, p. 246.)

**E. Office Condominiums**

The DEIR correctly states that, if Building 025 were to be used for office condominiums, then the building would have to be divided into discrete, saleable units. According to the CBRE supplemental report dated June 28, 2006 attached to Exhibit E-3, the office condo reuse would entail the same retrofit costs as an ordinary office/R&D renovation, plus the additional costs involved with building dividing walls between condo units and individual facilities (e.g., bathrooms) for each unit. As a result, the cost of retrofitting would result in necessary rents that would far exceed prevailing market sales prices. In addition, as noted by Michael J. Phillips of Cornish and Carey Commercial, the office condos would be unmarketable, because of poor visibility of each individual unit (due to the unusual building layout), parking problems (due to the proximity of Lowe's, with which it would have to share parking), and difficulties involved with inventory deliveries.

**F. School/Park**

For the two remaining uses—school/community college and parks/community center—the DEIR concludes that each is not feasible because no ascertainable entity is able or willing to put the site to such uses, and the cost of purchase and/or retrofit is excessive.

**III. Building Function and Site Plan Evaluation**

In Section VII.C.4, Project Design Alternatives, the DEIR presents six different design configurations of the Lowe's building that reflect attempts to maintain Building 025 with its historic integrity intact. For each of the six configurations (as shown in Figures VII-4-9) under the "Factors Which May Affect the Alternative's Feasibility" subheading, the DEIR conducts a "Building Function and Site Plan Evaluation" in which it analyzes site planning issues that arise from the different configurations of the Lowe's building relative to Building 025.

Attached hereto are additional independent, expert peer review reports that provide additional analysis as to traffic and engineering issues associated with the Project Design Alternatives in the DEIR. The first is a peer review memorandum prepared by Jim West of Kimley-Horn and Associates, Inc., a highly-regarded transportation consulting firm. The second is an assessment of the Project Design Alternatives' site layouts by Nolte Associates, Inc., a highly regarded engineering firm based in San Jose, CA. Both reports are attached hereto (as Exhibit A and Exhibit B, respectively) and should be considered as additional DEIR comments to be responded to in the EIR. As discussed below, the EIR must be revised to address these

additional building function and site planning issues for the following reasons.

**A. Building Footprint**

The DEIR and CBRE Report conclude that the layout of a Lowe's store should be simple and rectangular in shape in order to achieve efficient circulation and to maximize the displaying and merchandising of products. (DEIR, p. 259.) A number of alternatives, notably the 2-story alternative and the L-shaped alternative as seen in Figures VII-4 and VII-5, respectively, do not achieve this most basic and critical objective. These configurations present "challenges in terms of vehicular and truck access, as well as customer convenience" (DEIR, p. 262), but also deviate from the proven Lowe's business model that allows it to compete effectively in the marketplace. For example, as noted in the CBRE Report, the average Home Depot store is smaller (128,000 square feet) than the Larger Lowe's Prototype (170,000). (DEIR, Appendix E-3, p. 20.) This larger format is an integral part of the Lowe's business model, especially in suburban markets such as San Jose, because it offers its customers a shopping experience that provides for a higher level of finish, wider assortment, and more in-stock merchandise than does the typical Home Depot store. (Id.) Consequently, the EIR must emphasize this conclusion that variations from the rectangular, one-story model make the alternatives functionally infeasible because of the problems associated with consumer expectation and convenience.<sup>1</sup> Indeed, the different configurations represent not just an "inconvenience" as noted in the DEIR (DEIR, p. 259 and 262), but deviate from a critical component of successful operations for a Lowe's home improvement store.

The EIR also should be modified to show that the safety hazards and customer/staff inconvenience that arise from the L-shaped and 2-story alternatives equally apply to the "parking structure" as seen in Figure VII-5. For instance, the DEIR asserts that the inconvenience to customers carrying bulky goods on elevators within the L-Shaped 170,000 Square Foot Lowe's with Underground Parking context is somehow less than the Two-Story alternative because "customers would only need to negotiate a one-level change and would not have to leave the store itself to get to their parked car since the basement garage is integrated into the store." (DEIR p. 262.). The EIR should better represent here that the general public can draw on its own experience as consumers to understand that moving large bulky home improvement merchandise around multiple levels—even a one-level change—would prove inconvenient and challenging. Accordingly, the EIR must clarify that even a one-level change or customers' ability to stay within the Lowe's structure does not make a customer's transporting of large, bulky merchandise any easier or safer than the L-shaped or 2-story alternative.

<sup>1</sup> Judge Nichols in his Notice of Decision for Preservation Action Council of San Jose vs. City of San Jose, et al. concluded that, due to the bulk of the merchandise sold at Lowe's stores, customers would indeed have difficulty transporting items on multiple levels thus creating safety hazards. (Notice of Decision, p. 10.)

providing underground parking or a parking structure for customers on the site is questionable, then the viability of pursuing an "employee only" or "peak hour" option is even less supportable and does not solve the parking problems associated with the alternative site plans. The EIR must disclose this reality to the public.

## 2. Location of Parking Spaces

The DEIR states that the position of Building 025 on the site would create a less convenient parking layout for all of the Project Design Alternatives with at least 1/3 of the Lowe's customer stalls located on the far side of Building 025. (DEIR, p. 264-266, 269, and 274.) The DEIR further states that this parking layout is less desirable for a home improvement store because of the inefficiencies and difficulties those customers parked on the other side of Building 025 would face when having to transport large and bulky merchandise around Building 025 and across drive aisles. (Id.) This characterization is supported by the CBRE Report, which concludes that the placement of a large number of stalls far from the front door of the Lowe's store would create an unworkable parking layout for the store because of the distances involved and the resulting safety and convenience issues. (DEIR, Appendix E-3, p. 7.) The EIR also should be modified to underscore this point and also should note the point made in the CBRE Report that the same convenience and safety problems arise from the placement of parking stalls on the side of the Lowe's store, as depicted in Figures VII-4, VII-5, VII-6, VII-7, VII-8, and VII-9. (Id.)

The DEIR explains that the customer difficulties associated with locating these parking stalls far from the front door of the Lowe's store could be minimized by the option customers would have of retrieving their cars and driving to the loading area to collect their purchases. (DEIR, p. 266, 269, and 274.) The DEIR further suggests that the more-distant parking areas near Building 025 would only need to be utilized during "peak" shopping periods and that the acknowledged logistical difficulties could be further reduced by requiring Lowe's employees to use these parking areas. (Id.)

These options are not viable as stated by traffic engineering expert, Jim West, because the location of parking stalls on the far side of Building 025 would trigger numerous consequences that compromise the overall functionality of these alternative site plans. (See Exhibit A.)

The EIR first must address the congestion associated with the notion that people are going to leave their purchases at the loading area, walk to their car on the other side of Building 025, and drive back to pick up their merchandise. The EIR further must clarify that the logistical difficulties avoided by customers parking on the other side of Building 025 implicates other site circulation problems, such as queuing, pedestrian/vehicular conflicts, and other safety-related issues as noted by both Kimley-Horn and Nolte in Exhibits A and B, respectively.

Second, the EIR must acknowledge that both uses assumed for the site in the

Project Design Alternatives must be adequately parked. That is, if the DEIR is going to assume that Building 025 will be tenanted for office/R&D, then its analysis must accommodate sufficient parking both for the office and retail uses. The EIR should confirm, therefore, that both the office and retail uses sharing the site could be sufficiently parked at peak and non-peak times. For instance, the DEIR indicates that, for Figure VII-6, 106 of Lowe's 336 spaces would be less conveniently located on the other side of Building 025. (DEIR, p. 264.) The EIR then should amplify the point that, not only is this an undesirable parking layout for Lowe's, but likely is an undesirable parking solution for the tenants and visitors of Building 025 who would be relying on a sufficient parking supply to support their respective businesses.

### **C. Truck Access and Vehicular Circulation**

The EIR should clarify that each Project Design Alternative site plan compromises vehicular circulation and truck access because of the need to reconfigure the Lowe's store on the site in order to avoid a direct impact to Building 025.

#### **1. Vehicular Circulation**

The alternatives that contemplate underground parking or an adjacent parking structure (Figures VII-4 and VII-5) make all traffic converge in the front of the store to access the entrances to the parking areas. As Kimley-Horn notes, the locations of these ingress/egress points would make most traffic have to pass in front of the store to park, thereby triggering increased congestion, which could lead to increased conflicts between pedestrians and vehicles. (Exhibit A, p. 5-6.) The resulting confusion would likely cause drivers to park in Building 025's spaces in an effort to avoid the conflicts converging at the front of the Lowe's, which in turn gives rise to additional pedestrian/vehicular conflicts on the site. The EIR's analysis should be modified to reflect these points.

The remaining alternatives (Figures VII-6-9) show a shortfall of parking that will cause customers to "space troll" or search for open parking stalls close to the store front in order to limit the distance they will have to transport their merchandise. (Exhibit A, p. 6-7.) This recognized consumer tendency will result in increased pedestrian and vehicle conflicts because of the stacking and queuing caused by customers trolling the parking field for convenient spaces. (Id.) Alternatively, if customers cannot find more convenient parking spaces near the front, they will tend to pull in front of the store to load their purchases. (Id.) This too will trigger significant congestion, stacking and safety issues as vehicles and pedestrians try to navigate the narrow drive aisles shown in the alternatives between Building 025 and Lowe's. (Id.) The EIR's alternatives analysis should be modified to address these critical circulation issues.

#### **2. Truck Access**

The DEIR's "Building Function and Site Plan Evaluation" discussions should be expanded to reflect the truck access challenges in all of the Project Design Alternatives. For

instance, according to Nolte, the truck routes in all of the Project Design Alternatives appear to interfere with vehicle access and parking in such a way that could endanger both pedestrians and drivers. (See Exhibit B.) Moreover, the truck turning radiuses actually may be too tight for commercial trucks and trucks could even have difficulties entering the site from the roadways in order to access the loading docks. (See Exhibits A and B.) Given the operational importance of truck access and deliveries, the EIR should clarify the difficulties that each site plan presents relative to truck access and circulation, as well as how such challenges would (or would not) meet the City's and the State of California's code requirements.

### 3. Emergency Vehicle Access

For Figure VII-9, the DEIR states that the 20-foot wide drive aisle between the Lowe's store and Building 025 is considered adequate for emergency vehicle access. (DEIR, p. 273.) This is the DEIR's only reference to the adequacy of emergency vehicle access and, therefore, the EIR should expand this analysis to show that emergency access is not only adequate, but code-compliant. This is especially true when considering the lack of space around the Lowe's store in a number of alternatives, as noted by Jim West of Kimley-Horn. (See Exhibit A, p. 2, 5, 6, 7.)

## IV. Economic Viability

Six of the Project Design Alternatives considered in the DEIR require a non-prototypical Lowe's store in order to avoid any direct impacts to Building 025. As noted in the DEIR, Lowe's has prototypes of two sizes: 138,000 and 170,000 square feet. Each prototype has similar characteristics: a single story; a rectangular shape; 22-foot ceilings; a minimum 6-inch thick concrete slab floor to allow for the stacking and display of large, heavy, bulky merchandise; a building depth of 311 feet for the smaller prototype or 345 feet for the larger one; a standardized interior layout; convenient surface parking near the store entrances; separate driveways for trucks and cars; and on-site loading and truck-turning areas. In each alternative, the proposed Lowe's store deviates from the prototype so drastically, that the alternative becomes economically unviable for Lowe's.

### A. High Cost of Development

The DEIR reveals that several of the alternative Lowe's designs would cost more to build than the proposed project, making Lowe's anticipated retail sales insufficient to cover the costs of development in the San Jose market. As noted in the CBRE Report, it is true that big box retailers can build non-prototypical designs in markets where the anticipated sales volumes are exceptionally high, such as in Manhattan or downtown Chicago, because the higher sales volumes can cover the higher costs of construction. (DEIR, Appendix E-3, p. 22-23.) However, the relatively low population density of San Jose, combined with the nearby locations of its main competitor Home Depot, means that Lowe's will not have high enough sales volumes at the project site to cover the higher development costs associated with the non-prototypical designs

proposed in the DEIR's alternatives. (Id.) The EIR's analysis should be made consistent with the CBRE Report on this point.

**B. Competitive Disadvantage**

In addition, several of the non-prototypical designs depicted in the DEIR's alternatives analysis would place Lowe's at a competitive disadvantage in the surrounding market area. To stay profitable, Lowe's follows a business model that has three key elements.

1. Large, Standardized Store

Like all other big box retailers, Lowe's offers a wide variety of merchandise at discounted prices. Because prices are lower, big box stays profitable only by selling a large amount of merchandize under one roof. To achieve those high sales volumes, big box retailers need a large, rectangular structure with a standardized interior layout, so that the retailer can quickly and efficiently stock the store, and so that consumers have an easy time circulating and finding the merchandise they need. Also, Lowe's requires a sufficient amount of surface parking near the store entrances, which allows customers to safely and conveniently carry large, heavy, and bulky items back to their cars.

2. Store Larger Than Average Home Depot Store

Any retailer's business model must take into account how to distinguish itself from its competitors in the marketplace. Lowe's main competitor is Home Depot, which is the largest home improvement retailer in the country and which has several stores near the project area. The main way that Lowe's distinguishes itself from Home Depot is that it provides a larger store (170,000 square feet Lowe's versus Home Depot's average 128,000 square feet) with a higher level of finish, a wider assortment of products, and more in-stock merchandise so that customers do not have to place special orders. The EIR then must be clarified to acknowledge that any Lowe's store on the site that preserves Building 025 would force Lowe's to eliminate core elements of its business model, thereby impacting its ability to distinguish itself in the home improvement market.

3. Store Large Enough for a Metropolitan Market

As noted, Lowe's has a smaller and a larger prototype. Lowe's builds the smaller prototype only in small, rural markets. As the DEIR notes, Lowe's has only one such store in California—in the City of Martell, which has a population of only 4,000. (DEIR, p. 245.) Meanwhile, the larger prototype is what Lowe's builds in a metropolitan market, where, as discussed above, larger format is necessary in order to allow it to compete in the marketplace with other home improvement stores.

Because of these factors and others noted in the DEIR, any of the alternatives in

the DEIR that propose a store smaller than 170,000 square feet (those depicted in Figures VII-6, VII-7, VII-8, and VII-9) would fail to meet the basic and critical requirements of Lowe's business model, meaning that Lowe's could not generate the high-volume sales it needs to stay competitive, as discussed in the CBRE Report.

For instance, from the viewpoint of the customer, any smaller or oddly configured Lowe's store would create serious problems with the customer shopping experience. In these smaller alternatives (Figures VII-4-VII-9), customers would have a harder time finding convenient parking near the store, they would have less merchandise from which to choose, a harder time finding the merchandise because of the impaired product adjacencies, and they would have a harder time transporting their purchases back to their cars. Such factors impair a consistent shopping experience, which is the primary goal for which national retailers strive.

Consequently, the EIR should amplify that which is confirmed in the CBRE Report: these alternatives, whether because of their smaller size or unusual configuration, would not be economically viable for Lowe's to pursue.

#### **V. Alternative Project Locations**

The EIR should expand its alternative site discussion to consider two factors that weigh against locating the Lowe's store anywhere but the proposed site. First, in the proposed location, the Lowe's store would function as a northern anchor for the mixed-use, smaller-scale development on the Hitachi site. That is, locating the store at the project site would be consistent with best practices for land use planning and real estate development. Second, if Lowe's were to move to another location, it raises the question of what would become of the project site. As noted previously, the potential exists that the site will remain vacant or underutilized for many years to come.

The DEIR considers three alternative sites for the proposed Lowe's: (1) the Hitachi site; (2) the iStar site; and (3) the Reinhardt site.

##### **A. Hitachi Site**

The DEIR correctly finds that the Hitachi site is not available for a Lowe's store. The Hitachi site developer is planning for other anchor tenants on the site, and there is no room left for a Lowe's store.

##### **B. iStar Site**

The EIR's discussion of the iStar alternative should be revised to address the following points.

First and foremost, the traffic impacts of the iStar site would not be the same as

those for the project site. Because the iStar site is more than one mile away from the project site and accessed by different roads, traffic impacts would be different from those at the project site. For example, traffic would be forced to pass through residential neighborhoods and R&D campuses. Also, certain traffic impacts could be cumulatively significant and unavoidable at the iStar location, such as increases in peak hour congestion on already congested roadway links, whereas traffic impacts are fully mitigable at the project site. (DEIR, p. 106-107.)

Second, the EIR should clearly explain that the iStar site is far less suitable for retail use than the project site. The iStar site has no direct access from a major arterial and, as noted, would require customers to meander through commercial and residential areas to reach it from either Cottle Road or the SR85/Great Oaks interchange. Although the site is physically adjacent to SR 85, the only way to access the site from SR 85 is at Great Oaks, which then requires drivers to take a circuitous route to reach Via Del Oro, which ultimately crosses back under SR 85 to reach the iStar site. Moreover, Great Oaks is an inconvenient interchange because it lacks a westbound off-ramp or an eastbound on-ramp. The site also lacks visibility from the Monterey Highway, compared to the project site, and it is more distant, and less accessible, from both the Monterey Highway and US 101.

The EIR also should be revised to emphasize that, although development of the Hitachi site will include improvements to Great Oaks and Via Del Oro that will make the iStar site more accessible, the timing of those improvements is uncertain. If the improvements would come after development on the site, which is a distinct possibility, then Lowe's could not successfully operate there in the mean time. Even after such improvements are completed, the site would still be a lesser retail locale, because it still suffers from inferior visibility and access. For instance, even though the site is visible from SR 85, drivers on SR 85 cannot easily exit and reach the site, but instead would be forced to use a distant exit and then take a circuitous route to double back through an R&D campus and residential neighborhoods. Notably, trucks would have to take this circuitous route as well, making deliveries less efficient for Lowe's and impacting local neighborhoods with additional truck traffic.

#### **C. Reinhardt Site**

The DEIR correctly acknowledges that the owner of the Reinhardt property consistently has maintained that the Reinhardt property is unavailable, making it impossible for Lowe's to acquire or control it.

#### **VI. Conclusion**

Based on the foregoing facts, we respectfully request that the EIR's discussion relative to the Alternatives Section be expanded to better reflect the findings of the numerous independent, expert consultants and subconsultants who analyzed the possibility of Building 025 remaining on the site with the Lowe's store.



Darren McBain  
November 13, 2006  
Page Fifteen



Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Judy V. Davidoff".

Judy V. Davidoff

Attachments

cc: Rob Doane  
Mark Stoner  
Jim Manion

17710:6537182.4



***Memorandum***

To: James R. Manion  
Site Development Manager  
Real Estate Western Division  
Lowe's HIW, Inc.  
1530 Faraday Avenue, Suite 140  
Carlsbad, CA 92008

Suite 410  
2000 Crow Canyon Place  
San Ramon, California  
94583

Ph. 925-543-0840  
Fax 925-543-0839

From: Jim West  
Date: 8 November 2006  
Re: Traffic and transportation peer review for San Jose Lowe's Store

Thank you for inviting Kimley-Horn and Associates, Inc.<sup>1</sup> to perform transportation and traffic engineering peer review services in conjunction with the proposed Lowe's Store in San Jose, CA.

**EXECUTIVE SUMMARY**

Kimley-Horn has prepared a qualitative evaluation of the proposed alternative site plans included in the Lowe's Draft Environmental Impact Report and concludes that each site plan has significant deficiencies when compared to Lowe's preferred site plan. Consequently, the alternative site plans are unacceptable from a traffic/pedestrian circulation, parking, and safety perspective for any one of the following reasons:

- Insufficient parking spaces in close proximity to the Lowe's store entrance and inconvenient parking spaces on the other side of Building 025.
- Site plans cause traffic to shift to other driveways likely resulting in unacceptable overloads, queuing, "space trolling," pedestrian-vehicular conflicts and other safety-related issues.

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<sup>1</sup> Kimley-Horn is a full-service consulting firm offering comprehensive planning, engineering, and environmental engineering services. Nationwide, Kimley-Horn employs more than 2,300 professional, technical, and support personnel in more than 60 offices including offices in San Ramon and Oakland, CA.



- Parking deficiencies and traffic shifts, which cause more traffic to pass along the front of the store as well as drivers loading merchandise in front of the store, thus creating significant congestion and increased conflicts between vehicles and pedestrians, stacking, queuing, and other issues.
- Site plans have minimal throat depths that are inadequate to keep cars from blocking parking aisles, stacking at entries, and blocking pedestrian crossings particularly in connection with traffic shifts.
- Truck turnaround and lack of circulation behind Lowe's would be inadequate in most alternatives resulting in truck-vehicular-pedestrian conflicts or collisions, as well as impairment of emergency vehicle access to the rear of the store.

Accordingly, the alternatives proposed in the Lowe's DEIR are inferior to the preferred Lowe's alternative because they lack the operational, parking, circulation, queuing, and safety benefits of the preferred plan.

## **BACKGROUND**

It is proposed that a Lowe's store be constructed near the intersection of Cottle Road and Poughkeepsie Road in San Jose. Access to the Lowe's development is proposed from Cottle Road, Poughkeepsie Road, Endicott Boulevard, and Boulder Boulevard. A traffic study was prepared (by Fehr & Peers Associates, Inc.) as part of an EIR (prepared by LSA Associates, Inc.) to evaluate the preferred site plan and identify impacts and associated mitigations.

A potentially historic building (AKA Building 025) is located near the center of the project site. In consideration of preserving the building, several alternative site layouts were evaluated in the EIR and which, if retained, affect the location of the home improvement store, building size, parking layout, access and circulation.



This memorandum summarizes a qualitative evaluation prepared by Kimley-Horn of the proposed alternative site plans included in the EIR. Specific issues considered in the review include the following:

- Traffic operations at the site driveways and the resulting potential for blockage, conflicts and potential collisions
- Traffic circulation within the project site including potential queuing, blockage or conflict locations
- Pedestrian circulation conflicts with motor vehicles and trucks
- Adequacy of truck access and turnaround areas
- Adequacy of access for emergency vehicles to service the site
- Other traffic safety concerns that may be apparent

## **EVALUATION**

Evaluation of the alternate site plans were compared with the preferred alternative shown in Figure III-4 of the EIR.

### **Preferred Site Plan (see Figure III-4)**

The preferred site plan includes a 140,000 square foot (i.e. 140 KSF) building located in the north half of the site with building pads located on the west and south edges of the site. Building 025 would be removed under this alternative.

According to the traffic study, the preferred site plan distributes traffic loading to roughly 2/3 at the back of the parking field from the Poughkeepsie Road/Boulder Boulevard intersection and 1/3 near the store front from Cottle Road with incidental traffic using other site driveways. The distribution spreads out traffic on the site to reduce overloads at individual driveways and minimize traffic conflicts between vehicles and pedestrians in front of the store.

Trucks enter the site from Endicott Boulevard at the rear of the store. The location of the access, building loading dock, and truck turnaround minimizes conflicts with other traffic and pedestrian movements on site because it is isolated at the rear of the store. Emergency vehicles (including fire trucks) appear to have sufficient space to enter and exit at all



five site driveways and to circulate around the site and behind the Lowe's building when necessary.

The following compares alternative site plans with the preferred site plan.

**138 KSF Smaller Lowe's Prototype Alternative A (see Figure VII-2)**

- Rotation of the building to face Cottle Road reduces the desirability of the primary Poughkeepsie/Boulder access.
- More traffic is expected to shift towards Cottle Road driveways because the parking field is aligned along Cottle Road.
- The shift in traffic assignment will likely overload driveways on the west side of the site resulting in more congestion and unacceptable vehicle queuing.
- Driveway throat depths are roughly two cars deep along Cottle, which likely is not sufficient to avoid blocking parking and drive aisles from increased vehicle queuing.
- The location of the truck dock/turnaround area in relation to the Boulder Boulevard driveway will likely increase customers driving through the truck dock/turnaround area resulting in conflicts between vehicles and trucks.
- Roughly half of the parking field is oriented away from the front of the store adding to customer inconvenience as well as increased conflicts between circulating vehicles and shoppers.
- Customer walking paths will be in a diagonal direction when reaching the parked cars located southwest of the store front. Rather than walking only along the drive aisles, they will cut across the parking field between vehicles. This will make it more difficult for drivers to see pedestrians and create added inconvenience when pushing large shopping carts with home improvement materials resulting in increased collisions and conflicts.

**138 KSF Smaller Lowe's Prototype Alternative B (see Figure VII-3)**

- The alternative retains traffic loading to roughly 2/3 at the back of the parking field from Poughkeepsie Road/Boulder Boulevard and 1/3 near the store front from Cottle Road with incidental traffic using other site driveways.
- Trucks enter the site from Endicott Boulevard at the rear of the store.



- The location of the access, building loading docks, and truck turnaround minimize conflicts with other traffic and pedestrian movements on the site.
- Emergency vehicle access appears adequate.
- The drive aisle that parallels the store front has an offset alignment at the Cottle Road driveway that creates increased congestion and pedestrian conflicts in comparison to the preferred alternative.

**170 KSF L-Shaped w/ Underground Parking (see Figure VII-4)**

- Location of the underground parking will likely create driver confusion as to the parking area for the store causing drivers to park in the spaces for Building 025 rather than underground.
- Most Lowe's traffic must pass near the front of the store to reach the underground entrance which will trigger increased congestion and conflicts between vehicles and pedestrians.
- The lack of an on-site truck turnaround area and truck circulating road behind the building make it difficult to service the docks and such an alternative would not be code-compliant.
- Because the building is pushed up against the property line along Endicott, emergency vehicles would not have convenient access to the rear of the store.
- With only one point of ingress and egress to the underground parking garage, a vehicle fire in the underground parking facility would be difficult to reach.
- Shoppers must use elevators to reach the underground parking stalls. Elevators are located near the bottom of the car ramp where about half of the shoppers will cross the path of entering and exiting vehicles. Increased vehicle/pedestrian conflicts are expected.
- Shopping carts not returned to the cart corrals may interfere with vehicle circulation.
- Door dings and minor vehicle damage are typically higher in similar underground parking facilities. Increased claims are likely.

**170 KSF Two-Story w/ Parking Structure (see Figure VII-5)**

- Location of the parking garage will likely create driver confusion as to the parking area for the store causing drivers to park in the spaces for Building 025 rather than in the structure.



- Most Lowe's traffic must pass near the front of the store to reach the parking garage which will trigger increased congestion and conflicts between vehicles and pedestrians.
- Many drivers that formally used Poughkeepsie/Boulder access to exit the site will divert to the Boulder access thereby causing queuing and stacking issues near the front of the store.
- The minimum throat depth of the Boulder access is roughly two cars deep so blocking of parking aisles in the lower floor of the parking structure is likely.
- The building is pushed closer to Endicott Boulevard which makes it difficult for large trucks to conveniently enter and exit the site.
- Emergency vehicle access to the back of the building (from Endicott) is more difficult due to sharper turning radii.
- With only one point of ingress and egress to the upper floor of the parking garage, a vehicle fire in the parking facility would be difficult to reach.
- Shoppers must use elevators to reach parking stalls on upper garage floor.
- Shopping carts not returned to the cart corrals may interfere with circulation in the garage.
- Door dings and minor vehicle damage are typically higher in similar parking structures. Increased claims are likely.

#### **138 KSF L-Shaped (see Figure VII-6)**

- The alternative has limited parking (i.e. approx. 202) spaces in front of the store and only 571 total spaces on the site. According to ITE *Parking Generation, 3<sup>rd</sup> Edition*, a 138 KSF Home Improvement Superstore is expected to generate an average weekday parking demand of 335 spaces. Parking shortage near the Lowe's is 133 spaces.
- The lack of adequate parking spaces near the front of the store is a major inconvenience to shoppers.
- Building 025 is expected to generate an average parking demand of 196 spaces per ITE *Parking Generation*.
- The Lowe's parking shortage will cause customers to use spaces for Building 025.
- Significant "space trolling" will occur as drivers search for open parking stalls close to the store to limit their distance to transport



purchases, which will result in increased pedestrian and vehicular conflicts.

- Drivers are likely to pull in front of the store to load materials, thus creating significant congestion, stacking, and safety concerns. Increased conflicts between vehicles and pedestrians will result.
- The truck turnaround lacks adequate space and there is no truck circulating road behind the building which makes it more difficult to access the loading docks.
- Because the building is pushed up against the property line along Endicott, emergency vehicles would not have convenient access to the rear of the store.
- Poor alignment of the site driveway and multiple drive aisles near the SE corner of Building 025 will concentrate site traffic as it enters and exits the site. Drivers are likely to become confused over who has the right-of-way, thus resulting in increased vehicle conflicts and collisions.

#### **112 KSF L-Shaped (See Figure VII-7)**

- The alternative has limited parking (i.e. approx. 232) spaces in front of the store and only 608 total spaces on the site. According to *ITE Parking Generation, 3<sup>rd</sup> Edition*, a 112 KSF Home Improvement Superstore is expected to generate an average weekday parking demand of 272 spaces. Parking shortage near the Lowe's is 40 spaces.
- The lack of adequate parking supplies near the front of the store is an inconvenience to shoppers.
- Building 025 is expected to generate an average parking demand of 196 spaces per *ITE Parking Generation*.
- The Lowe's parking shortage will cause customers to use spaces for Building 025.
- Significant "space trolling" will occur as drivers search for open parking stalls close to the store to limit their distance to transport purchases, which will result in increased pedestrian and vehicular conflicts.
- Drivers are likely to pull in front of store to load materials, thus creating significant congestion, stacking, and safety concerns. Increased conflicts between vehicles and pedestrians will result.





- Some drivers that formally used the Poughkeepsie/Boulder access to exit the site will divert to the Boulder access near the front of the store.
- The minimum throat depth of the Boulder access is roughly two cars deep so blocking of parking aisles is likely.
- The truck turnaround lacks adequate space which makes it more difficult to access the loading docks.
- Emergency vehicle access appears adequate.
- Poor alignment of the site driveway and multiple drive aisles near the SE corner of Building 025 will concentrate site traffic as it enters and exits the site. Drivers are likely to become confused over who has the right-of-way, thus resulting in increased vehicle conflicts and collisions.

#### **138 KSF Rectangular (see Figure VII-8)**

- The alternative has limited parking (i.e. approx. 205) spaces in front of the store and only 582 total spaces on the site. According to *ITE Parking Generation, 3<sup>rd</sup> Edition*, a 138 KSF Home Improvement Superstore is expected to generate an average weekday parking demand of 335 spaces. Parking shortage near the Lowe's is 130 spaces.
- The lack of adequate parking supplies near the front of the store is a major inconvenience to shoppers.
- Building 025 is expected to generate an average parking demand of 196 spaces per *ITE Parking Generation*
- Parking shortage for the entire site is approximately 83 spaces.
- The Lowe's parking shortage will cause customers to use spaces for Building 025.
- Significant "space trolling" will occur as drivers search for open parking stalls close to the store to limit their distance to transport purchases, which will result in increased pedestrian and vehicular conflicts.
- Drivers are likely to pull in front of store to load materials, thus creating significant congestion, stacking and safety concerns. Increased conflicts between vehicles and pedestrians will result.
- Some drivers that formally used the Poughkeepsie/Boulder access to exit the site will divert to the Boulder access near the front of the store.



- The minimum throat depth of the Boulder access is roughly two cars deep so blocking of parking aisles is likely.
- There is no truck circulating road behind the building which makes it more difficult access the loading docks.
- Because the building is pushed up against the property line along Endicott, emergency vehicles would not have convenient access to the rear of the store.
- Poor alignment of the site driveway and multiple drive aisles near the SE corner of Building 025 will concentrate site traffic as it enters and exits the site. Drivers are likely to become confused over who has the right-of-way, thus resulting in increased vehicle conflicts and collisions.

#### **128 KSF Rectangular (see Figure VII-9)**

- Limited parking (i.e. approx. 193) spaces in front of the store and only 547 total spaces on the site. According to *ITE Parking Generation, 3<sup>rd</sup> Edition*, a 128 KSF Home Improvement Superstore is expected to generate an average weekday parking demand of 311 spaces. Parking shortage near the Lowe's is 118 spaces.
- The lack of adequate parking supplies near the front of the store is a major inconvenience to shoppers.
- Building 025 is expected to generate an average parking demand of 196 spaces per *ITE Parking Generation*.
- The Lowe's parking shortage will cause customers to use spaces for Building 025.
- Significant "space trolling" will occur as drivers search for open parking stalls close to the store to limit their distance to transport purchases, which will result in increased pedestrian and vehicular conflicts.
- Drivers are likely to pull in front of store to load materials, thus creating significant congestion, stacking and safety concerns. Increased conflicts between vehicles and pedestrians will result.
- Some drivers that formally used the Poughkeepsie/Boulder access will divert to the Cottle Road access near the front of the store because of the location of the parking field along Cottle Road.
- The shift in traffic may overload driveways on west side of the site resulting in increased congestion and unacceptable queuing.

# Project Design Alternatives with Building 025

Figure	Alternative	Building Setback	Number of Parking Stalls	Landscaping	Circulation	Truck Route
VII-4	L-Shaped 170,000 s.f. Lowe's w/Underground Parking	OK	(828-276) /170,000 =1/307 <1/200	There is <b>insufficient</b> room along Endicott Blvd frontage to provide the required landscape strip	Parking in the underground parking complies with described below requirement. Most of other parking is behind the existing bldg (assumed future office bldg) and it is very <b>confusing</b> for the prospective customers.	Room for truck route along the back of the store (Endicott Blvd.) appears to be <b>insufficient</b> ; Turning R-s are <b>too tight</b> for commercial trucks; Truck route <b>interferes</b> with vehicle parking.
VII-5	2-story 170,000 s.f. Lowe's w/Parking Structure	OK	(805-276) /170,000 =1/321 <1/200	There is <b>insufficient</b> room along Endicott Blvd frontage to provide the required landscape strip	Parking in the garage complies with described below requirement. Most of other parking is behind the existing bldg (assumed future office bldg) and it is very <b>confusing</b> for the prospective customers	Room for truck route along the back of the store (Endicott Blvd.) appears to be <b>insufficient</b> ; Turning R-s are <b>too tight</b> for commercial trucks; Truck route <b>interferes</b> with vehicle parking.
VII-6	L-Shaped 138,000 s.f. Lowe's	OK	(571-276) /138,000 =1/467 <1/200	There is <b>insufficient</b> room along Endicott Blvd frontage to provide the required landscape strip	Most of parking spaces is behind the existing bldg (assumed future office bldg) and it is very <b>confusing</b> for the prospective customers	Room for truck route along the back of the store (Endicott Blvd.) appears to be <b>insufficient</b> ; Turning R-s are <b>too tight</b> for commercial trucks; Truck route <b>interferes</b> with vehicle parking.

# Project Design Alternatives with Building 025

Figure	Alternative	Building Setback	Number of Parking Stalls	Landscaping	Circulation	Truck Route
VII-7	L-Shaped 112,000 s.f. Lowe's	OK	(608-276) /112,000 =1/337 <1/200	There is <b>insufficient</b> room along Endicott Blvd frontage to provide the required landscape strip	Most of parking spaces are behind the existing bldg (assumed future office bldg) and it is very <b>confusing</b> for the prospective customers	Room for truck route along the back of the store (Endicott Blvd.) appears to be <b>insufficient</b> ; Turning R-s are <b>too tight</b> for commercial trucks; Truck route <b>interferes</b> with vehicle parking.
VII-8	Rectangular 138,000s.f. Lowe's along Endicott Blvd.	OK	(582-276) /138,000 =1/450 <1/200	There is <b>insufficient</b> room along Endicott Blvd frontage to provide the required landscape strip	50% of parking spaces are behind the existing bldg (assumed future office bldg) and it is very <b>confusing</b> for the prospective customers	Room for truck route along the back of the store (Endicott Blvd.) appears to be <b>insufficient</b> ; Turning R-s are <b>too tight</b> for commercial trucks; Truck route <b>interferes</b> with vehicle parking.
VII-9	Rectangular 128,000 s.f. Lowe's along Boulder Blvd.	OK	(561-276) /128,000 =1/449 <1/200	<b>insufficient</b>	50% of parking spaces are behind the existing bldg (assumed future office bldg) and it is very <b>confusing</b> for the prospective customers	Turning R in the back of the store appears to be <b>too tight</b> for commercial trucks; If the truck route is relocated to the other parts of the parking, it would <b>interfere</b> with the vehicle parking.

# Project Design Alternatives with Building 025

Figure	Alternative	Building Setback	Number of Parking Stalls	Landscaping	Circulation	Truck Route
	Comments	Per Commercial Development Guidelines Bldg Setback should be 25'.	<p>PARKING. Assuming that Bldg 025 (69,000 s.f.) is converted to office use, it will require approximately about 276 parking spaces (Zoning Ordinance page 113 requires 1space per 250 s.f. for offices and 1/200 for stores. Formula used in this table: (number of spaces proposed by alternative - 276 spaces required for office use) / (square feet of Lowe's proposed by the alternative) = ratio of parking spaces to square feet left available for Lowe's under the alternative. This result is then compared to the 1/200 ratio required by the Zoning Ordinance.</p>	25'-wide landscape strip is required by Commercial Design Guidelines along the frontage.	Per Commercial Design Guidelines On-site automobile parking and circulation systems should be convenient and readily understandable to the users	



November 10, 2006

James R. Manion, Site Development Manager  
 Lowe's HIW, Inc.  
 Suite 140  
 1530 Faraday Avenue  
 Carlsbad, CA 92008

**SUBJECT: San Jose Lowe's Store DEIR Assessment of Alternatives with IBM Building 025 Remaining On-Site**

Dear Mr. Manion:

We have reviewed six (6) alternatives proposed for San Jose Lowe's Store. All alternatives include IBM Building 025 remaining on site. Below is the summary of this evaluation:

- All six alternatives exhibit insufficient parking. City of San Jose Zoning Ordinance requires 1 parking space per 250 sf of office space and 1 parking space per 200 sf for retail space. Assuming that Building 025 will be used as office space requiring 276 parking spaces, the ratio of the store parking spaces in all six alternatives is less than 1 per 200 sf. Even disregarding the parking space needed for the office parking is still insufficient in 5 alternatives.
- Only one alternative, a rectangular 128,000 sf building along Boulder Boulevard, has sufficient room for a 25'-wide landscape strip along the frontage, as required by the City of San Jose Commercial Design Guidelines.
- Truck route and access in all alternatives appear to be interfering with vehicle parking, which may endanger pedestrians and drivers, the radiuses appear to be too tight for commercial vehicles.
- Parking layout looks too confusing and inefficient for Lowe's customers because in all alternatives most of parking spaces are located behind the existing building, assumed to be future office building.
- All alternatives exhibit discontinuity between the parking spaces and the store, despite the City's requirement in its Commercial Design Guidelines that "On-site automobile parking and circulation systems should be convenient and readily understandable to the users." This lack of continuity between the parking spaces and the store will increase the liability and risk both to the City, Lowe's, and the tenants of Building 025 as it impacts traffic safety, pedestrian safety, and security. For Lowe's, in particular, this also impacts the overall customer experience and financial viability.
- The cost of constructing a parking structure described in alternate 2 (see attached table) would be about \$60 per sf comparing to surface parking cost of \$15- \$18 per sf.

NOLTE ASSOCIATES, INC.  
 1731 NORTH FIRST STREET, SUITE A  
 SAN JOSE, CA 95112-4510  
 408.392.7200 TEL 408.392.0101 FAX  
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Please call me at (408) 392-7235 if you have any questions or need additional information.  
Sincerely,

Nolte Associates, Inc

Mara Meydbray, PE  
Team Manager  
Site Development Group  
San Jose

November 10, 2006

Via e-mail: [Darren.mcbain@sanjoseca.gov](mailto:Darren.mcbain@sanjoseca.gov)

City of San Jose  
Department of Planning, Building & Code Enforcement  
200 East Santa Clara Street, 3<sup>rd</sup> Floor  
San Jose, CA 95113

Re: San Jose Lowe's Store EIR/Alternatives

I have reviewed the alternatives section of the EIR. I focused the majority of my attention on the "Project Design Alternatives with Building 025" and the "Alternative Uses for Building 025 for a Lowe's".

The issue related to the Alternatives Analysis originates from the historic nature of Building 025. Trying to preserve the building while balancing that important goal with the goals of the General Plan and of course Lowe's corporate goals are the other most notable measurements. We realize there are other issues but we will only focus our review on the form and function components of the proposed alternatives.

The appropriate, market driven form required for Lowe's to be competitive and in order for the goals of the General Plan to be achieved is a 140,000 square foot store with a 40,000 square foot garden center combined with "At Grade" parking (non structured).

This form will give Lowe's the best chance to be competitive in an extremely competitive environment. Anything less than a prototype building will create a competitive disadvantage. Anything but prototype is less than desirable in any market but is even more so when the cost relative to this location and this market are factored into the equation. The combination of a non-prototypical building and higher costs would prove fatal to the success of the store. Opening a store that has a much higher than normal chance of closure is not an option for Lowe's or for that matter any retailer.

We have reviewed the five Alternatives and the Alternative of using the existing building. Our experience in the development business for the last 28 years tells us that none of the Alternatives would provide Lowe's with a competitive platform from which to succeed. Accordingly, neither the goals of the General Plan or those of Lowe's would be achieved.

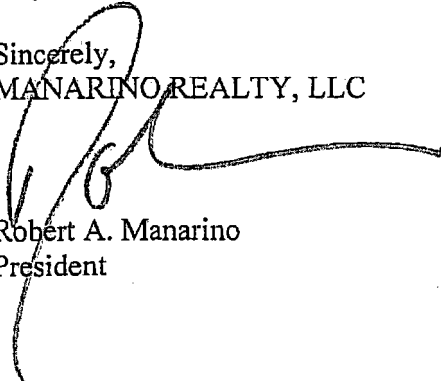
In an effort to achieve all of the goals of the interested parties a compromise that might work would be to require Lowe's to incorporate some of the design elements of the Building 025 into



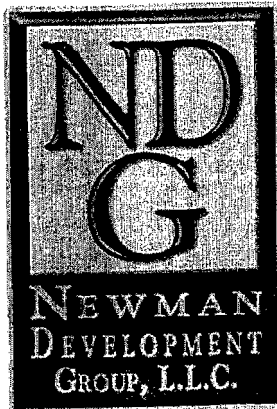
its architecture. This proposed concept is only feasible provided it will not increase the cost of the building beyond that what it would have been without.

Another concept might be the solution derived from the former General Electric site, now The Plant, at the intersection of Monterey and Kurtner. This solution required the developer to maintain only the façade of the former building. Although this may not be practical at the subject site it is a concept to consider towards achieving compromise and consensus.

Sincerely,  
MANARINO REALTY, LLC



Robert A. Manarino  
President



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November 10, 2006

Department of Planning, Building and Code Enforcement  
City of San Jose  
200 East Santa Clara Street - 3<sup>rd</sup> Floor  
San Jose, CA 95113

RE: San Jose Lowe's Store EIR

To Whom It May Concern:

Our organization is in receipt of the L&A Associates, Inc. Draft Environmental Impact Report dated September 2006 for the proposed San Jose Lowe's Store. The Newman Development Group has developed several million square feet of retail space, hundreds of residential units and hundreds of thousands of square feet of office space. Since our development company's inception in 1992, we have developed over twenty Lowe's projects and other projects for almost every other contemporary retailer.

We have taken the time to review the site plan alternatives prepared in the Draft EIR and would share our views.

#### FIGURE VII-2 & VII-3

In our professional opinion without the full removal of Building 025, both of these site plans will not work for Lowe's or any other major retailer considering the property. In addition, we also believe that this type of plan also wouldn't work for most office tenants. Given the central location of Building 025 on the property, a whole host of issues come up if one were to attempt to construct the buildings in the proposed locations while leaving all or a portion of Building 025 in its current location. Visibility becomes seriously compromised for the retail user. Servicing the future office tenants of Building 025 becomes practically infeasible. The parking areas for both the retail and office users become totally disjointed and inadequate. Sufficient access to and from the overall site becomes questionable and possibly more dangerous for both vehicular and pedestrian traffic. Fire safety would also be compromised without sufficient setbacks. Overall, we would question whether such a plan is even feasible to construct within code. Even if

such a plan could be constructed, these plans simply do not satisfy the needs of retailers or office tenants for that matter. Over the course of time, one would be left with a dysfunctional development that serves no one well. This would lead to a higher rate of business failures within the project and therefore higher vacancy rates and a higher number of dark store fronts.

With the total removal of Building 025, these two alternatives can present realistic, feasible alternatives from a retailer and customer perspective. With the removal of Building 025, the visibility of the proposed anchor building is adequate, the parking areas in proximity to the proposed buildings is ample and the access points to the adjacent streets appears to be sufficient and feasible. Customers coming to and from the center from the primary arterials will have an easy time navigating the site, thereby leading to fewer vehicular and pedestrian safety issues. The interior lease dimensions of the Lowe's buildings on these alternatives appear to be prototypical. Hence, the stocking and operational aspects of the store would be efficient. The layout also will help customers who are familiar with other Lowe's locations shop at this site. Given the proposed building dimensions, the outparcel buildings on both of these plans seems to be well suited for smaller scale operations. The proximity of these Pad Buildings to the adjacent streets and the proposed Lowe's building should allow these future businesses to flourish. In our opinion these two alternative site plans offer more than enough room for Lowe's to use its larger prototypical building. We believe that this would help maximize the potential of the property, allow Lowe's to carry its full assortment of products and attract more customers to the site, thereby helping ensure the success of the neighboring businesses both in and near the project.

In summary Building 025 would need to be removed from the site in order for either of these alternatives to be feasible.

#### FIGURE VII-4 through VII-9

In our opinion these alternatives would not be feasible for Lowe's or any other major retail tenant for three primary reasons: lack of visibility from the adjacent main arterials, inadequate parking facilities, and oddly configured building area. As shown on all of the alternative plans, Building 025 is located in the center of the subject property. By keeping Building 025 in place and locating the proposed Lowe's building to the rear of Building 025, the visibility corridors to the Lowe's building is effectively eliminated. Retailers simply must have sufficient visibility to survive. Even with the case of Lowe's or any other destination type retailer, visibility is critical. Without sufficient visibility, customers will not be able to find the store and will choose to shop elsewhere. In the alternatives provided in the Draft EIR, the majority of customers coming from Cottle Road would need to use a driveway that appears to lead to an office building. It's quite apparent how customers would become easily confused. This confusion would lead to driver errors and potentially unsafe conditions.

In all the alternative plans, the parking for both the retail and office users is less than adequate. Retailers need the majority of their parking in close proximity to their front

doors which are typically adjacent to their check-out register areas. They count on relatively quick turn over of their parking spaces, typically every twenty to thirty minutes. None of the alternatives offer apple parking in all the areas typically used as check-out/entranceways in a Lowe's store.

- In the case of FIGURES VII-4 & VII-5, the Underground and Structured Parking Alternatives do not adequately illustrate how customers are to access the parking area. History has also shown us how customers tend to avoid subsurface and structured parking for retail shopping trips. Furthermore, from an operational standpoint it is unclear how customers would visit the store, make purchases at the various locations within the store typically used as check-out areas and then return to the parking areas. Especially with the case with Lowe's where customers purchase typically large bulky items, these schemes are not feasible.
- In the case of FIGURES VII-6, VII-7, VII-8 & VII-9, although there is some surface parking, it is not offered in the various areas needed by the customers. FIGURES VII-6, VII-7, and VII-9 do not provide nearly enough stalls for the Garden Center area. FIGURE VII-8, provides no parking for the Lowe's primary front door and nearly no parking for the Lumber Canopy area.
- It is our opinion that none of these plans provides sufficient parking and we suspect that none of these plans (possibly with the exception of VII-4 and VII-5) satisfy the overall parking requirements per code. Each of these plans would result in undesirable situations for retailers and office users alike.

Finally in each of these figures, the prototypical layout of the store has been altered. Granted some alterations are more drastic than others. However, from an operational standpoint minor changes still have a big impact.

One of the reasons large successful retail chains are successful is because of consistency. Customers who shop at one retailer's location value the ability to find the same products in the same location at another store. It improves the experience for the customer. Each of the changes proposed to the building layout in each alternative alters the consistency Lowe's is trying to provide its customer.

Furthermore, from an operational standpoint, each proposed building layout would require modifications to the locations of check-outs, service counters, racking, shelving and various departments. These changes have ripple effects that can hinder a store's performance. In the case of Lowe's it would also have an impact on how the store is serviced from the hundreds of vendors visiting the store and how it is supplied by its regional distribution center. Basically, any large scale company with a proven track record for success avoids making significant changes to a formula that works.

Mr. Darren McBain

Page 4 of 4

## CONCLUSION

In our opinion we do not believe the proposed alternative site plans would be feasible for Lowe's or any other major retailer with whom we have worked. Each plan presents a number of issues that would significantly compromise the success of the development.

In the Draft EIR document, other properties are also presented as alternative locations for the project. Although we are not aware of all of the attributes of each of the mentioned sites, we are aware of the access challenges that affect the i STAR property and the visibility issues that impact the viability of the Hitachi Site from the Highway. We are also aware of the Reinhardt Property, however, we do not know if it is available or if Lowe's can fit on the site given its configuration. Given the distance to the Reinhardt site, it may be viewed as an additional opportunity given the strength and density of the San Jose MSA.

Thank you for taking the time to review our views on this project. Please feel free to contact me should you have any questions regarding the information in this letter.

Sincerely,

Newman Development Group, LLC



George Akel  
Member



Birmingham Towers  
2100 Wharton Street  
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Pittsburgh, PA 15203  
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November 9, 2006

City of San Jose  
Department of Planning, Building & Code Enforcement  
200 East Santa Clara Street, 3<sup>rd</sup> Floor  
San Jose, CA 95113

Attention: Mr. Darren McBain

**RE: Lowe's Home Improvement Centers**  
**Site analysis-5600 Cottle Road, San Jose, CA**

Dear Mr. McBain:

Armstrong Development Properties, Inc. offers the following evaluation of the retail viability of the site at 5600 Cottle Road, San Jose, CA.

**Background**

Armstrong Development Properties, Inc. was founded in 1984 in Pittsburgh, PA. Our company has developed millions of square feet of 'big box' retail across the United States. Our own real estate portfolio contains two million square feet of retail space that we developed and own in the Greater Pittsburgh area. In the late 1990s, we began an expansion plan into some of the nations fastest growing communities. In September 2006 we opened our latest regional office in Sacramento, CA, where a substantial retail development effort is underway anchored by the development of CVS Pharmacy stores throughout the central valley of California. This office joins our other regional locations in Phoenix, AZ, Dallas, TX, Denver, CO, Tampa, FL, and Atlanta, GA.

Our firm currently has approximately one million square feet of retail space in the development pipeline. We are experienced in understanding the needs of national retailers of any size, particularly large 'big-box' operations. Our background in site selection, development and management provide us with the qualifications to review the retail potential of the Cottle Road location.

***5600 Cotter Road Retail viability – Figures VII-2 and VII-3***

**Assumptions:**

Rectangular single-store Lowe's, approximately 138,000 SF

Clearance height of 22 feet

Store depth of 311 feet

Both alternative plans require a portion of Building 025 and all associated landscaping to be removed as a necessity for site circulation and access. With the remainder of Building 025 in place, these two alternative plans are unsuitable for large national and regional retailers. The existing 025 building will compromise the circulation, visibility and access to the site for a large 'big box' retailer as well as smaller retailers located in the adjacent small shop and pad configurations. A national/regional retailer depends upon excellent access and visibility from nearby roads and intersections. The plans shown on Figure VII-2 and VII-3 do not offer these features. Most importantly, keeping Building 025 in place removes substantial parking from the front and side of the large 'big-box' retailer. In our experience, no retailer will accept a site with these severe limitations.

A series of compromises face customers visiting a retailer on the site shown on VII-2. The Boulder Boulevard entrance offers no immediate parking availability. Customers will refuse to park on the left side of Building 025 and then face a long walk to their destination. Customers expect a reasonable level of consideration from a retailer. When customers feel that too many compromises are expected of them, they simply shop elsewhere.

The layout of VII-3 is not an improvement over VII-2. With Building 025 sitting in the middle of the main parking field, the most desirable parking area is severely reduced for customers and employees. This layout presents almost no parking for customers entering the site from Cottle Road.

As described in the LSA Associates report, Building 025 is assumed to be a viable real estate location in all scenarios where the structure remains. The layouts shown on VII-2 and VII-3 make no provisions for the code-required parking requirements for an office or R&D operation. Nor are there provisions for the servicing of Building 025.

The sites shown on VII-2 and VII-3 are particularly unsuitable for a Lowe's Home Improvement Center. Unlike most retailers, Lowe's customers are moving bulky, large and often heavy building materials. They often use vehicles larger than passenger cars. There are also safety concerns when customers face crossing traffic lanes and parking spaces to reach vehicles parked on the other side of Building 025.

Lowe's has substantial sales to building contractors and members of the building trades. A site with poor visibility, inadequate parking for large trucks and poor vehicle circulation will lead contractors and consumers alike to seek competitors without these limitations.

Lastly, Lowe's has stated that the smaller prototype shown in Figures VII-2 and VII-3 is not suitable for this market. The smaller prototype does not allow for the variety and quantities of building products necessary for Lowe's to compete in the marketplace.

***5600 Cotter Road Retail viability – Figures VII-4 thru VII-9***

The site plans shown in Figures VII-4 through VII-9 offer a number of alternative scenarios:

- (VII-4) L-shaped 170,000 SF Lowe's with underground parking
- (VII-5) Two-story 170,000 SF Lowe's with adjacent parking structure
- (VII-6) L-shaped 138,000 SF Lowe's
- (VII-7) L-shaped 112,000 SF Lowe's
- (VII-8) Rectangular 138,000 SF Lowe's
- (VII-9) Rectangular 128,000 SF Lowe's

National retail tenants will not see any of these scenarios as acceptable site locations. The primary parking area is severely compromised in all six variations. Our long experience with customer behavior reveals that shoppers desire substantial parking located as close to the retailer's front door as possible. When these conditions are not met, customers shop elsewhere. A Lowe's customer dealing with large, awkward and often heavy items will be far less inclined to shop at the Cottle Road site. With the bulk of available parking located behind Building 025 they would be required to transport their purchases long distances. Customers will simply not accept this level of inconvenience.

Figures VII-4 and VII-5 offer the possibility of structured garages or underground parking. This is almost unheard of for non-mall development, and is financially unfeasible. Structured parking for a Lowe's development will require larger than normal garage dimensions due to the number of large trucks and SUVs commonly used by customers to transport building materials. Higher garage clearances result in higher construction costs to a concept that is already monetarily unfeasible.

Structured parking, by its design, allows for only a small number of entrances and exits. Customers entering the site from Cottle Road face great difficulties accessing the parking structure or underground parking. There is also a likelihood of congestion at both entrances and exits.



In over twenty years of retail experience, we have never seen the retail configurations shown in Figures VII-4 through VII-9 to be acceptable to national or regional retailers. National retailers are sophisticated investors. They have extensive knowledge of customer behavior. They carefully track the historical costs of site acquisition and construction. Successful retailers accurately project the sales needed to justify a given investment in land, brick and mortar. In our opinion, the scenarios allowing Building 025 to remain will result in a site unacceptable to any national retailer.

### ***Alternative I-Star site***

Visibility and access are vital factors in retail site locations. The I-Star site lacks both of these critical features.

Retailers of all shapes and sizes desire visibility. Major retailers eliminate sites for this reason alone. The I-Star site has severely limited visibility from Great Oaks Blvd. There is also an R&D park between the retail site and Great Oaks, further reducing visibility.

The proposed primary means of access is from Great Oaks Boulevard. Customers to a major retailer located at the I-star site will thus be required to drive through and R&D office park to reach their destination. Customers living north of Great Oaks face a railroad line that runs adjacent to the road, preventing easy access to the site. The proposed secondary access points from White Plains and Via Del Oro require a circuitous drive through either the Hitachi future development or an industrial park.

There are also major access difficulties from Highway 101 and Highway 85. Customers using these major roads would face considerable difficulty in reaching the proposed I-Star site. Customers make shopping choices based on the time and effort required to reach a retail destination. When presented with the access and visibility challenges of the I-star site, customers will act in their best self interest and shop elsewhere.

A community retailer such as Lowe's understands that customers want convenience, location and visibility. The I-Star site does not provide a competitive alternative to the Cottle Road site.



Birmingham Towers  
2100 Wharton Street  
Suite 700  
Pittsburgh, PA 15203  
[www.armstrongdev.com](http://www.armstrongdev.com)

412.381.1122  
412.381.1123 fax

### ***IBM Building 025***

The LSA Associates, Inc report is exhaustive in its review of the issues surrounding a retail development on the site containing IBM Building 025. The authors of the report provide several development scenarios that include the re-use of Building 025 along with a variation of the standard Lowe's footprint. Each of these scenarios require the important assumption that Building 025 can be maintained, improved and reused in a financially viable manner without destroying or significantly changing the interiors, exterior and setting that are the foundation of its historical importance. We note that the LSA report, along with the findings of CB Richard Ellis Consulting, states that the changes required by local building codes and ordinances to bring Building 025 to a tenable level are financially unviable. The seismic reinforcements, asbestos remediation and removal of hazardous materials must be performed prior to any possible reuse of the building. However, these mandated improvements would destroy the very features considered historically valuable. CB Richard Ellis conducted a through market evaluation of the San Jose area that indicates there is no interest in the site for alternative uses. The IBM site was closed in 1995. Since that time, the San Jose market has seen explosive growth in the office and R&D real estate markets. Yet there was no apparent interest in the IBM site during one of the greatest real estate expansions in the nations history. The marketplace, in all its complexity, has repeatedly stated that the building is no longer a viable structure.

Please feel free to contact our office should you have any questions or comments.

Very truly yours,  
**Armstrong Development Properties, Inc.**

Robert Frisch  
Vice President of Construction

**Roche, Jeff**

---

**From:** Beth Hoyte [bhoyte@stanford.edu]  
**Sent:** Thursday, February 02, 2006 9:39 AM  
**To:** jeff.roche@sanjoseca.gov  
**Cc:** forrest.williams@sanjoseca.gov; mayoremail@sanjoseca.gov  
**Subject:** Lowe's Home Improvement Warehouse Project in South San Jose

Jeff Roche,

Having owned a home on Hayes Avenue for the past 8 years, I can tell you that the proposed Lowe's Home Improvement Warehouse project will have a huge negative impact on traffic in our neighborhood. We already have high volume and high speeds on our residential street (Hayes Ave) and the intersection of Cottle/Blossom Hill & Hayes Avenue is a horrible intersection where I see problems on an almost daily basis. I have not seen a traffic survey taking place and am worried that the existing infrastructure has not been upgraded or redesigned enough to handle the additional traffic. How is this being addressed? What is going to be done to stop large trucks and other traffic from driving down our already busy residential street? Where are the loading docks going to be located and how is the city going to make sure they do not drive down Hayes Avenue for their deliveries? Will the delivery times be limited to certain routes and certain times of day? How are we, as the residents of the nearby neighborhood, being protected from this impact?

I know you get many, many complaints, but I hope you take to heart the impact this will have on us and our children who live and play in the surrounding residential neighborhoods. If I could afford to sell my house and move, I would do so because of this project. I'll be sad to see Lowe's put both A1 Rental and Orchard Supply Hardware out of business. I understand the monetary benefit to the city, and I know I have no power to stop this project. However, I'm really disappointed that the city would approve this.

Thanks for your time,

Elizabeth Hoyte

---

Elizabeth Hoyte  
Neuro Photo Lab  
Stanford University  
1201 Welch Road, Room P316  
MSLS Building  
Stanford, CA 94305  
☎ Phone: 650-725-5570

2/2/2006

## SHEET INDEX

The site plan illustrates the layout of the Lowe's Home Improvement Center. The main building is situated on the left side of the plan, with a large parking lot to its right. The building is labeled "LOWE'S HOME IMPROVEMENT CENTER". The parking lot is divided into several sections, with a "TRUCK PARKING" area at the bottom. The plan also shows "EAGLE ROAD" at the bottom, "GREAT OAKS BOULEVARD" at the top, and "UNION STREET" on the left. A north arrow is located in the bottom right corner.

**Civil**

- C-1 COVER SHEET
- C-2 LAND USE PLAN
- C-3A UTILIZATION PLAN NOTES
- C-3 CONCEPTUAL SITE PLAN
- C-4 CONCEPTUAL GRADING PLAN
- C-4A CONCEPTUAL UTILITY PLAN

**ARCHITECTURAL**

- A-5 EXTERIOR ELEVATIONS
- A-6 FLOOR PLAN
- A-8A ROOF PLAN + DETAILS






















**LANDSCAPE**

- 7A CONCEPTUAL PLANTING PLAN
- 7B CONCEPTUAL PLANTING PLAN
- 7C EXISTING TREES REMOVAL PLAN
- 7D SITESIDE TREES REMOVAL PLAN
- 7E CONCEPTUAL IRRIGATION PLAN

**ALTERNATIVE SITE PLANS**

- C-27A OPTION 7A
- C-28A OPTION 8A
- C-29A OPTION 10A
- C-30A OPTION 1B
- C-31A OPTION 17
- C-32A OPTION 19

## PROJECT CONTACTS

	FIRE HYDRANT (DOUBLE STEAMED)		STREET LIGHT
	GULLY POLE		WATER VALVE
	HANDICAP SPACE		TREE WITH SIZE
	MONITORING WELL		TREE FROM OVAL
	POWER POLE		TRANSFORMER
	GAS VALVE		BARED WIRE FENCE
	IRON PIPE		CHAIN-LINKED FENCE
	RAILROAD SPIKE		WOOD FENCE
	SANITARY SEWER MANHOLE		SAWCUT LINE
	STANDARD CITY MONUMENT		WALL
	STORM DRAIN MANHOLE		

## PROJECT DATA

	TO - TOP OF CURB ELEVATION
	FS - FINISHED SURFACE
	HP - HIGH POINT
	GR - GRADE ELEVATION
	FL - FLOW LINE
	SINKHOLE
	SANITARY LINE
	EXISTING STORM DRAIN CATCH BASIN
	EXISTING WATER MAIN / GAS WATER
	EXISTING SANITARY SEWER CLEANOUT
	EXISTING FIRE MAIN WARDER
	EXISTING FIRE MAIN WARDER
	EXISTING WATER VALVE
	EXISTING GAS VALVE
	EXISTING WATER LINE
	EXISTING GAS LINE
	EXISTING SANITARY SEWER LINE
	EXISTING STORM DRAIN LINE
	EXISTING ELECTRICAL LINE
	EXISTING TELEPHONE LINE
	PROPOSED STORM DRAIN CATCH BASIN
	PROPOSED WATER MAIN / GAS WATER
	PROPOSED SANITARY SEWER CLEANOUT
	PROPOSED FIRE WARDER
	PROPOSED FIRE MAIN WARDER
	PROPOSED STORM DRAIN WARDER
	PROPOSED WATER VALVE
	PROPOSED GAS VALVE
	PROPOSED FIRE SERVICE
	PROPOSED WATER LINE
	PROPOSED GAS LINE
	PROPOSED SANITARY SEWER LINE
	PROPOSED STORM DRAIN LINE
	PROPOSED ELECTRICAL LINE
	PROPOSED TELEPHONE LINE
	PROPOSED 4\"/>

ALL VEGETATION IN CREEKS AND WETLAND AREAS SHALL BE PROTECTED DURING DEMOLITION AND CONSTRUCTION. NO GRADING OR WORK IS ALLOWED IN THESE AREAS.

APN 706-06-015

JAMES MANION  
LOWE'S HWY, INC.  
1530 FARADAY AVE. #140  
CARLSBAD, CA 92008  
(760) 804-5300 FAX (760) 602-1018

## BASIC OF BEARINGS: -

CRAIG NEWSON  
IBM CORPORATION  
5600 COTTLE ROAD, DNP 010 # 456  
SAN JOSE, CA 95193  
(408) 256-7443

## STREET ADDRESS: 5600 C

AL SHAGHAGHI  
ama associates, inc.  
1350 TREAT BLVD. #250  
WALNUT CREEK, CA 94597  
(925) 943-2777 FAX (925) 943-2778

### BUILDING SUMMARY

CHRIS O'CONNOR  
SSOE, INC.  
22121 17TH AVE. #225  
BOTHELL, WA 98021  
(425) 487-1665 FAX (425) 827-8412

**SHOPS 1**

PAUL REED  
REED ASSOCIATES LANDSCAPE ARCHITECTURE  
477 S. TAAFFE ST.  
SUNNYVALE, CA 94088  
(408) 481-9020 FAX (408) 481-9022

TOTAL BUILDINGS (INCLUDING GARDEN CENTER)	204,800/S.F.
<b>PARKING SUMMARY PROVIDED</b>	
STANDARD STALLS	758
ACCESSIBLE STALLS	23
COMPACT STALLS	
TOTAL PARKING PROVIDED	794
PARKING RATIO (INCLUDING GARDEN CENTER)	3.88/1000
TOTAL PARKING REQUIRED*	953

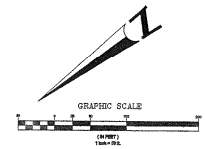
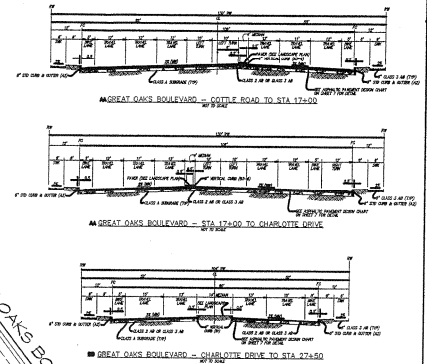
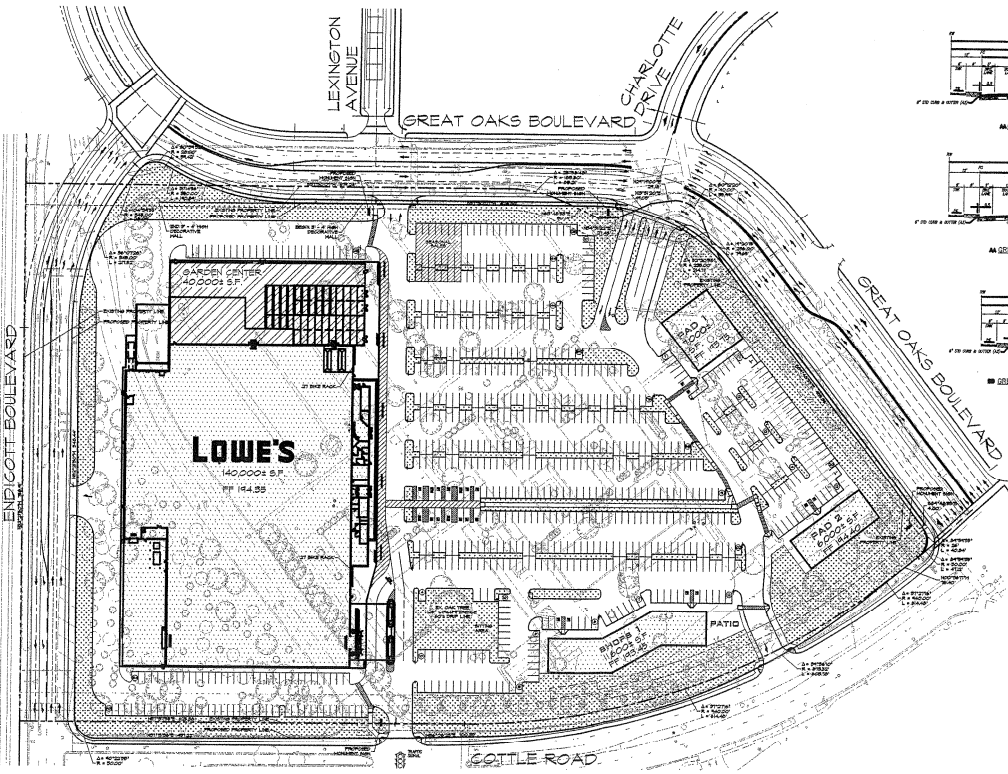
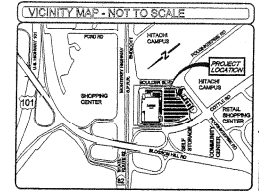


SCHEDULE OF USES:

SYMBOL	LAND USE	SF	AC	FLOOR AREA RATIO	COVERAGE (% OF TOTAL)	PARKING SPACES	BIKE/PARKING SPACES
	RETAIL	187,800 SF	3.82 AC	0.22	22%		
	RESTAURANT USES	7,000 SF	0.15 AC				
	GARDEN CENTER	40,000 SF	0.92 AC	0.05	5%		
	RETAIL	173,078 SF	3.97 AC		23%		
	LANDSCAPING	385,779 SF	8.65 AC		67%	754	54
	PARKING AND CIRCULATION	745,258 SF	17.82 AC	0.28	100%	754	54
	TOTALS	1,499,215 SF	33.33 AC			3,388,000 SF (NET) 1,747 AUTO SPACES	

APN 108-06-015

LAND CLASSIFICATION:  
INDUSTRIAL PARK  
ZONING CLASSIFICATION:  
INDUSTRIAL PARK ZONING DISTRICT TO  
IF (PD) PLANNED DEVELOPMENT DISTRICT  
LAND AREA: 17.82 ACRES  
FLOOD ZONE: ZONE D



REVISIONS

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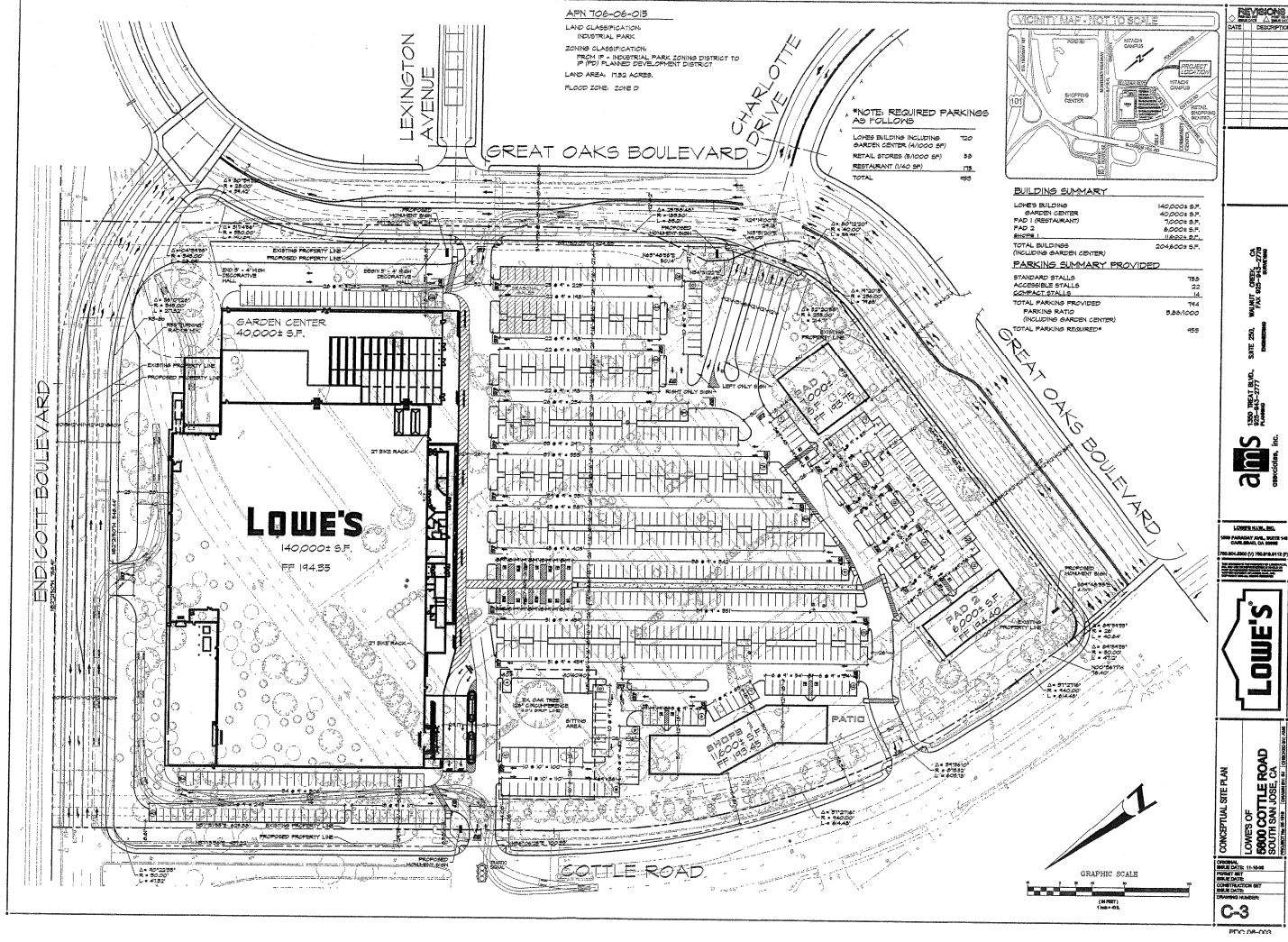
LOTTES & ASSOCIATES, INC.  
1500 10TH STREET, SUITE 200  
SAN ANTONIO, TEXAS 78205  
TEL: 214-591-7777  
FAX: 214-591-7778  
WWW.LOTTES.COM

LAND USE PLAN  
LOWE'S OF  
6800 COTTLE ROAD  
SAN ANTONIO, TEXAS 78205  
PROJECT NO. 108-06-015

C-2

PDC 06-003





REVISIONS

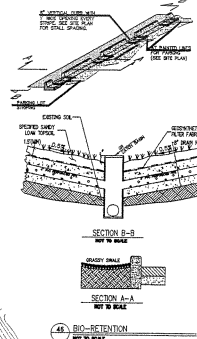
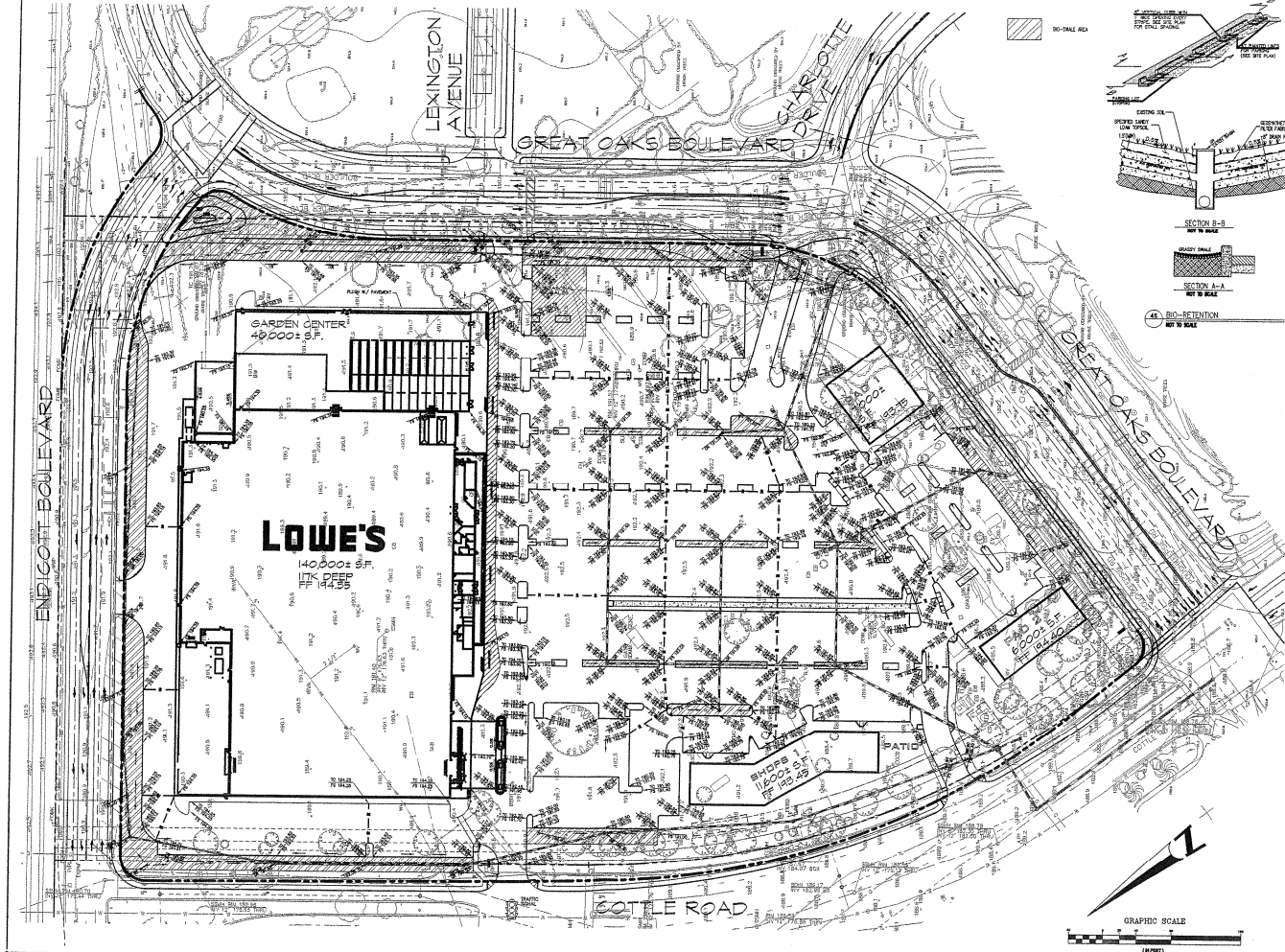
NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMIT	01/11/2011

1300 GREAT BLVD., SUITE 200  
SOUTH SAN JOSE, CA 95050-2777  
TEL: 408.253.2777  
FAX: 408.253.2778  
WWW.LOWES.COM

**ams**  
ARCHITECTURAL MANAGEMENT SERVICES, INC.  
10000 N. DEER CREEK RD., SUITE 100  
DANFORTH, CA 94526  
TEL: 925.463.1234  
FAX: 925.463.1235  
WWW.AMS-CA.COM

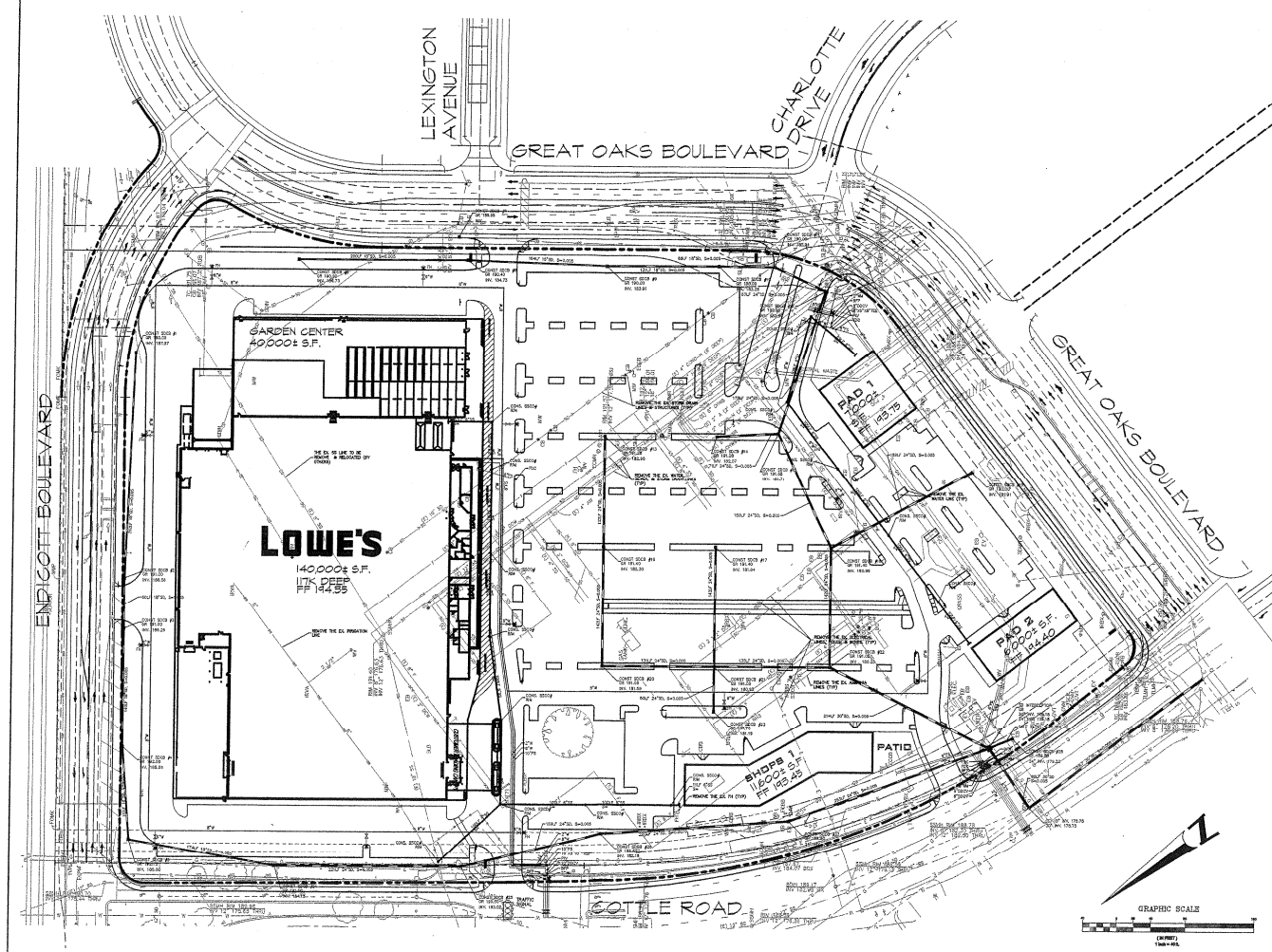
**LOWE'S**

CONCEPTUAL SITE PLAN  
LOWE'S OF  
5600 COTTLE ROAD  
SOUTH SAN JOSE, CA  
DATE: 01/11/2011  
DRAWN BY: J. L. LEE  
CHECKED BY: J. L. LEE  
DESIGNED BY: J. L. LEE  
C-3  
PLOT: 06-001



<b>REVISIONS</b> NO. DESCRIPTION 1. 11/15/00	
<b>am</b> 1200 WEST BLVD. SUITE 200 SAN JOSE, CA 95128 TEL: 408-253-1777 FAX: 408-253-1778 WWW.AM.COM	
<b>LOWE'S</b> 1000 COTTLE ROAD SOUTH SAN JOSE, CA 95128 TEL: 408-253-1777 FAX: 408-253-1778 WWW.LOWES.COM	
<b>CONCEPTUAL GRADING PLAN</b> LOWE'S OF 5800 COTTLE ROAD SOUTH SAN JOSE, CA PREPARED BY: JAMES R. JAMESON, INC.	
<b>C-4</b> 11/15/00	



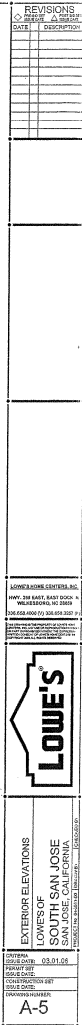



REVISIONS	
DATE	DESCRIPTION

PREPARED BY: **ams**  
 CHECKED BY: **ams**  
 DATE: 08/11/2011  
 PROJECT: **LOWE'S**  
 LOCATION: **SOUTH SAN JOSE, CA**  
 DRAWING NO: **C-4A**

**LOWE'S**  
 CONCEPTUAL UTILITY PLAN  
 LOWE'S OF  
 SOUTH SAN JOSE  
 SOUTH SAN JOSE, CA  
 PROJECT NO. 11-00-0000



	<p>LOWIE'S®</p>
<p>EXTERIOR ELEVATIONS</p>	<p>LOWIE'S OF SOUTH SAN JOSE SAN JOSE, CALIFORNIA</p>
<p>DATE: 03.01.08 DRAWN BY: [illegible] CHECKED BY: [illegible] DATE: [illegible] DRAWING NUMBER: A-5</p>	<p>03.01.08</p>

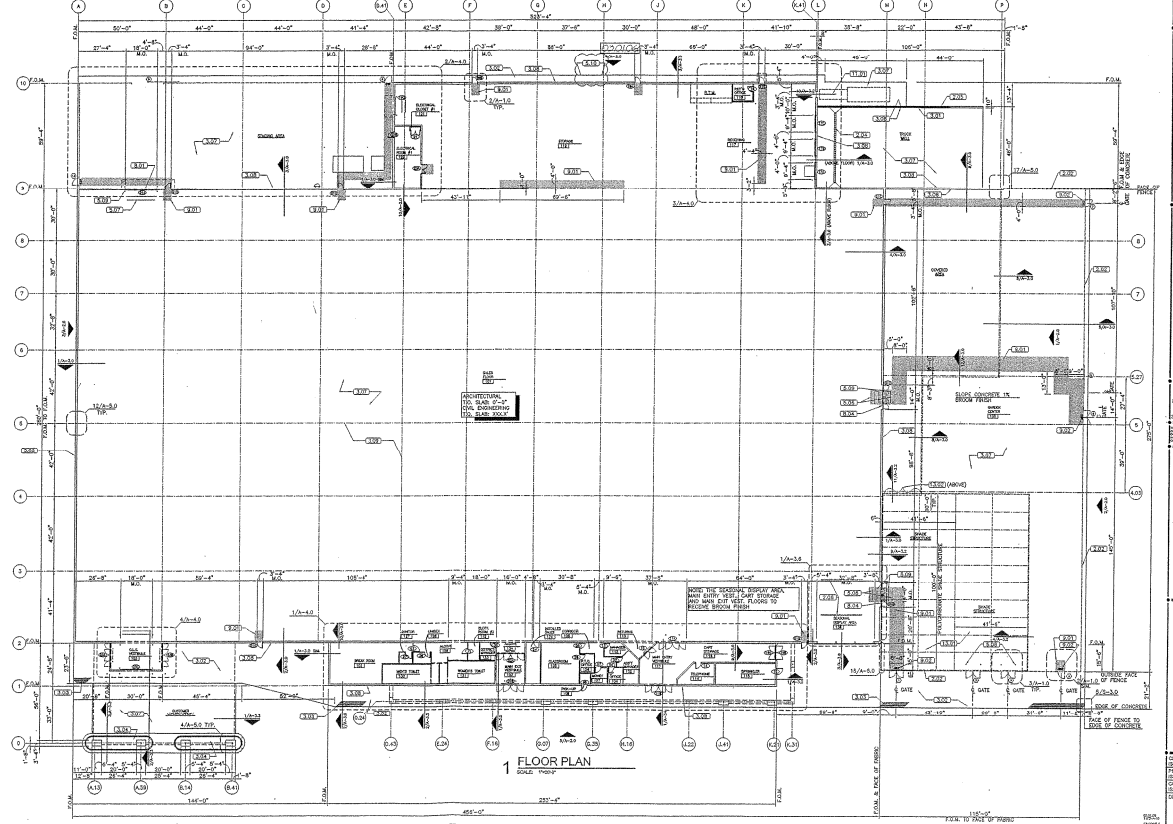
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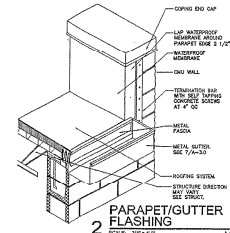
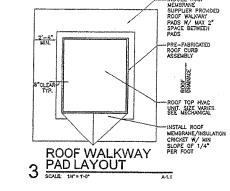
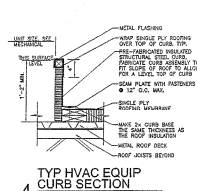
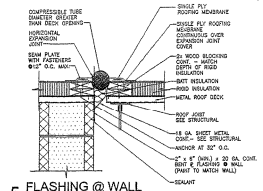
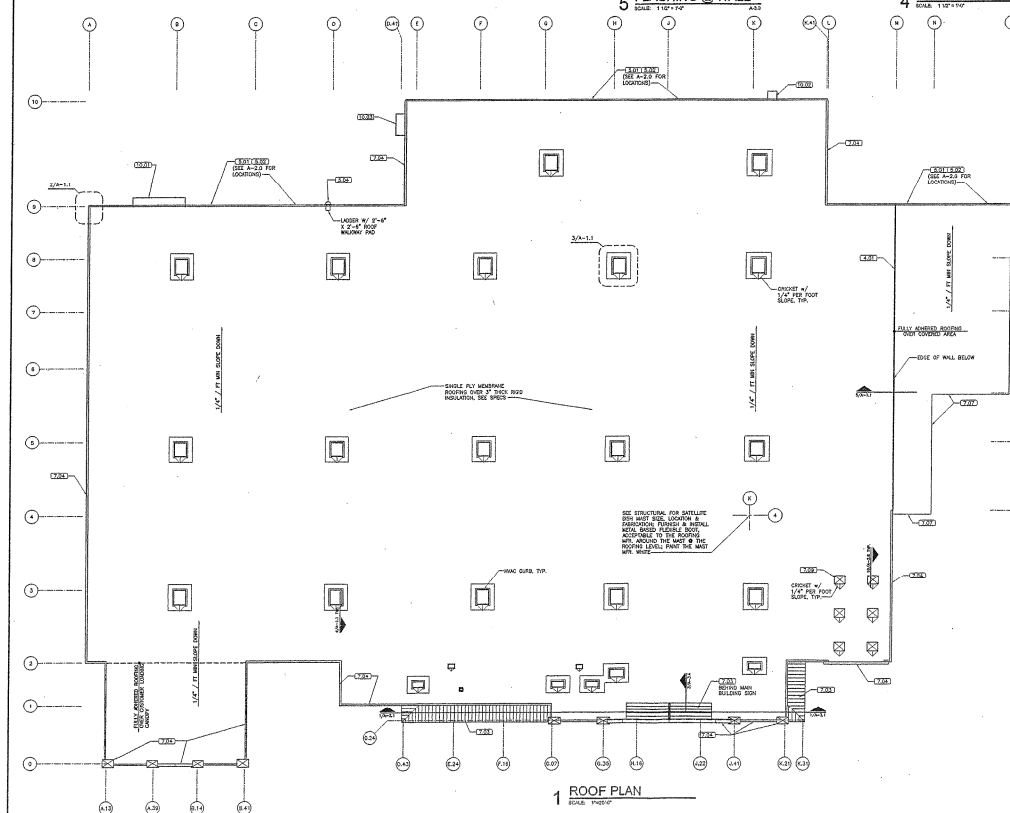
4'-0" 4'-0" 1'-0" 4'-0"

BOLLARDS AT GARDEN CENTER GATES 2 & 3

SCALE: 1/8"=1'-0"

2





- KEYNOTES**
- 4.01 BURNING CROWN ROOF.
  - 4.02 BURNING CROWN ROOF. TYPICAL. SEE SHEETS A-5.0 & 9-1.0.
  - 4.03 SINGLE SLOPED DRAIN FACE (S.D.).
  - 4.04 DRAIN FACE (S.D.).
  - 4.05 DRAIN FACE (S.D.).
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  - 4.100 DRAIN FACE (S.D.).

**REVISIONS**

NO.	DESCRIPTION	DATE
1	ISSUED FOR PERMIT	03/21/01

**LOWE'S**

**ROOF PLAN & DETAILS**

**LOWE'S OF SAN JOSE**

**SAN JOSE, CALIFORNIA**

**A-6A**







## REVISIONS

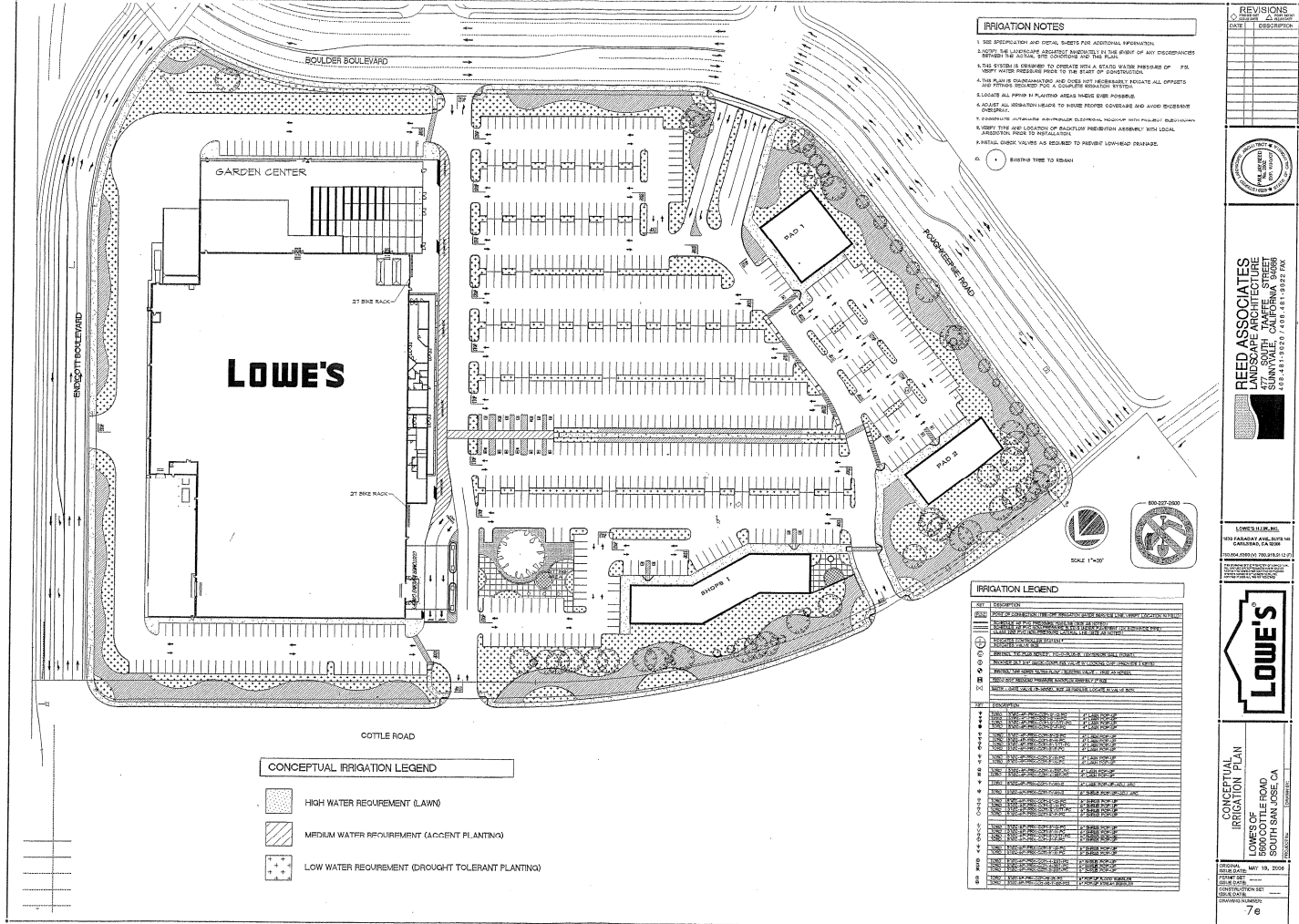
**REED ASSOCIATES**  
LANDSCAPE ARCHITECTURE  
477 SOUTH TAAFFE STREET  
SUNNYVALE, CALIFORNIA 94086  
408.481-9020 / 408.481-9022 FAX

**LOWE'S HOME DEPOT**  
223 FARADAY AVE, SUITE 140  
CARLETON, CA 92580  
(916) 444-8000 (F) 780-510-5112 (F)



EXISTING TREE  
FREE REMOVAL PLAN





REVISIONS

NO.	DATE	BY	REVISION
1	05/19/2006	REED ASSOCIATES	ISSUED FOR PERMIT

REED ASSOCIATES LANDSCAPE ARCHITECTURE

1000 S. GATEWAY AVE. SUITE 100  
CARLSBAD, CA 92008  
TEL: 760-431-9220 / FAX: 760-431-9222

CONCEPTUAL IRRIGATION PLAN

LOWE'S OF CARLSBAD  
1000 S. GATEWAY AVE. SUITE 100  
CARLSBAD, CA 92008

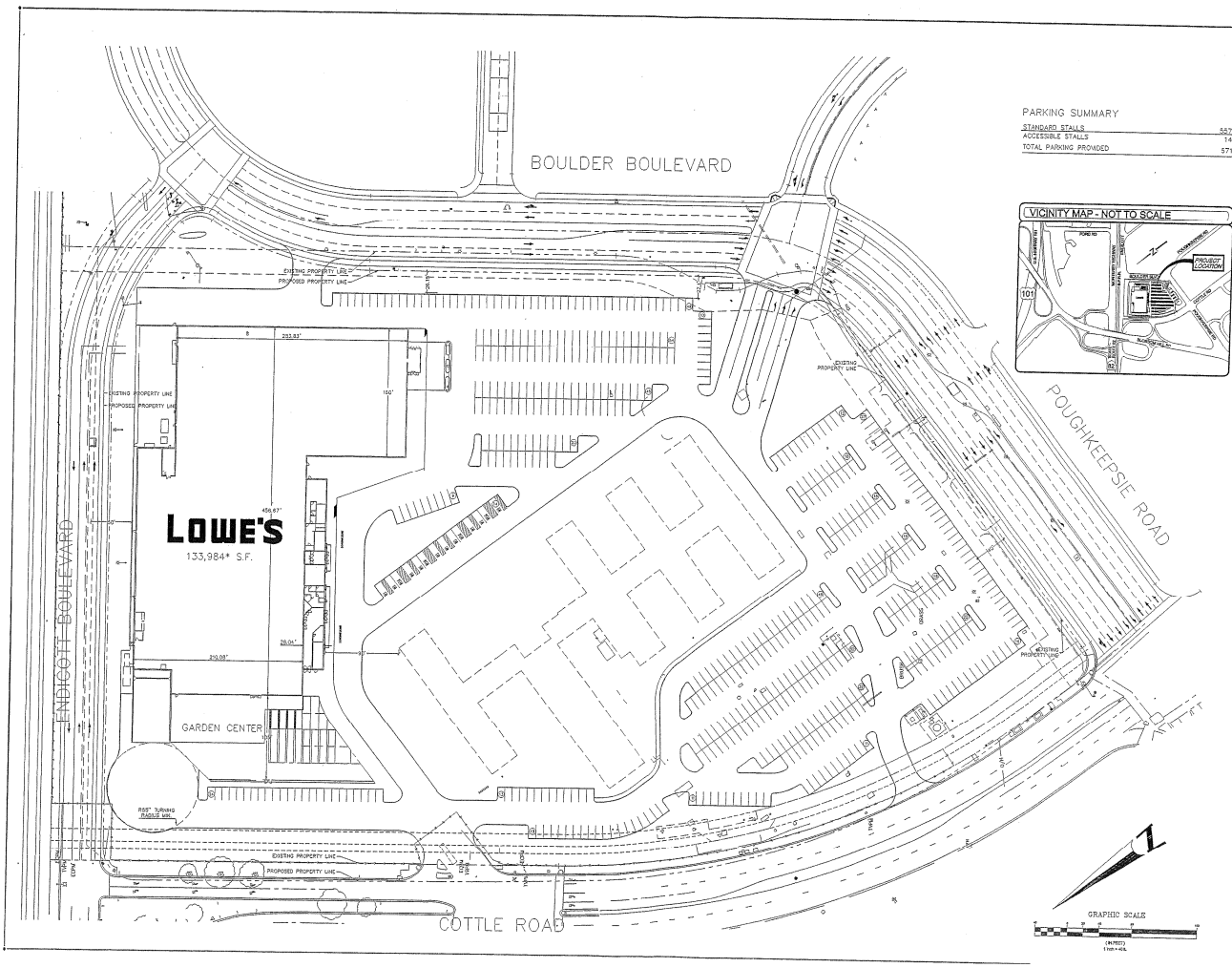
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DESIGNER: REED ASSOCIATES

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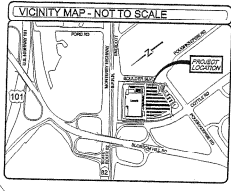
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(PDC 06-003)



PARKING SUMMARY

STANDARD STALLS	557
ACCESSIBLE STALLS	14
TOTAL PARKING PROVIDED	571



REVISIONS	DATE	BY	DESCRIPTION



LOWE'S HOME CENTERS, INC.  
1500 FARM ROAD, SUITE 200  
FARM ROAD, SOUTH SAN JOSE, CA 95050  
TEL: 408/243-1000 FAX: 408/243-1001



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